



Prime Minister Poul Nyrup Rasmussen, after casting his ballot Tuesday in the Danish referendum on the Maastricht treaty.

## Danes, Reversing '92 Vote, Approve European Treaty

### So, It's Back to Business Vote Frees EC to Tackle Other Issues

By Tom Buurke  
*International Herald Tribune*  
BRUSSELS — Denmark's "yes" will not immediately resolve the deep internal divisions over the future of the European Community, but it averted a sure political crisis and should help lift the siege mentality that has stifled EC initiatives for the past year, officials said Tuesday.

With the Treaty on European Union back on track toward ratification by all EC states, the Community should be able to get to work fighting Europe's deepening recession and rising unemployment, strengthening cooperation over the war in the former Yugoslavia, negotiating membership agreements with Sweden, Norway, Finland and Austria and reaching out to the aspiring nations of Eastern Europe, officials said.

Jacques Delors, president of the EC Commission, said the executive body "rejoiced" at a result that would help the Community "pull out of a period of waiting and morosity."

Hanning Christophersen of Denmark, the EC commissioner for economic and monetary affairs, called the result a "great relief"

both for EC states and the Northern and Eastern European countries seeking membership.

Commission officials also expressed confidence that the Danish vote would give a strong push to the ratification process in Britain, now the only member country yet to endorse the treaty.

But they acknowledged that the time lost

#### NEWS ANALYSIS

since Denmark's initial rejection on June 2 had cost the Community dearly by stalling new policies, fueling the currency crises that have exacerbated the recession and curbing the hopes of Europe's more ambitious unity proponents.

"The past year has not been wasted," said Sir Leon Brittan, the commissioner for external economic affairs. "If it has taught us not to go too far ahead of what people are prepared to accept."

Last year's "no" vote had a strong negative

See EUROPE, Page 4

By Marc Fisher

*Washington Post Service*

COPENHAGEN — Danish voters, persuaded that their country would face painful isolation if they continued resisting European unification, saved the troubled unity treaty Tuesday from a citizen veto.

In their second referendum in a year, 57 percent of Danes voted to reverse last June's shocking "no" decision and accept the Maastricht treaty moving the 12 European Community nations toward creating a United States of Europe.

But the turnaround did little to erase doubts surrounding the decades-old dream of European unification.

Since Denmark's "Mouse That Roared" rejection last year threw the European Community into economic and political crises, widespread recession and the Community's failure to find an effective policy on the war in the Balkans have derailed plans to unite Europe by 1999 into a federation with a single currency, central bank, and common defense and foreign policies.

The treaty the Danes approved Tuesday is considerably watered down from the one they rejected in 1992.

To save local worries about losing political independence to European Community headquarters in Brussels, Denmark will be allowed to keep its own currency and opt out of a joint defense policy, combined police and European citizenship.

Prime Minister Poul Nyrup Rasmussen hailed the vote as "historic" and said that European politicians had learned they must "make Europe more open, more democratic, closer to ordinary people."

Standing on a table, he led supporters in a tearful rendition of his Social Democratic Party anthem.

"We don't know what lies ahead for Europe, but we're on board, we're a part of it," said an exultant Laue Traberg Smith, chairman of the pro-Maastricht European Movement.

Other European leaders said they hoped the vote would ease the battle of Prime Minister John Major to have the treaty approved by the British Parliament.

The president of the EC Commission, Jacques Delors, called the Danish result "a stimulus to the Community to leave behind a period of moroseness and inaction."

Denmark's 1992 vote opened a Pandora's box, revealing the paucity of popular support for European unity and the depth of pride in national currencies and institutions in most EC countries.

Opinion polls in Germany, whose public has for decades been considered the continent's most pro-European, now indicate that if the Maastricht treaty were put to a vote, it would be rejected. Surveys show weakening support in Spain, Portugal and Greece.

"Maastricht originally was just a circling of the wagons by Western Europe after the fall of the Berlin Wall," said a Danish government official, speaking on condition of anonymity. "The idea was, we needed something to keep Germany tied to the West. Now, of course, the idea of Germany throwing in with Yeltsin is comical. The more sophisticated Danes suspect nothing will ever come of this anyway, and they're probably right."

Following last year's razor-thin vote against the treaty — 50.7 percent of Danes voted "no" that time — the Copenhagen government waged a considerably more active campaign this year.

The pro-treaty camp, which included virtually all of the country's political and media establishment, went high and low in win votes, pushing the benefits of European unity for a country heavily dependent on exports. They then followed up with frightening scenarios of Denmark after a "no" vote, predicting soaring joblessness, diplomatic isolation and severe economic ties.

Mr. Rasmussen portrayed anti-unification forces as unrealistic extremists, calling them "raving mad" in a last-minute appeal to his countrymen. He warned that Danes would "never be forgiven" if they rejected the treaty. The anti-treaty campaign, an uncoordinated amalgam of leftist and rightist political ame-

See YES, Page 4

## New Trouble For Bank Chief In Allegations Of Plagiarism

By Roger Cohen

*New York Times Service*

PARIS — Jacques Attali, the flamboyant French technocrat who faced intense criticism last month for his lavish spending as president of the European Bank for Reconstruction and Development, has been accused of plagiarizing more than 40 substantial passages in his new book, "Verbatim."

Texts that were to be published Wednesday in the French weekly *Le Nouvel Observateur*, and statements made in telephone interviews on Tuesday by Mr. Attali, suggest that several passages, dated between 1982 and 1986, in which President François Mitterrand appears to be talking to the author, were in fact lifted from conversations between the Mr. Mitterrand and the author Elie Wiesel. These only began in late 1987.

"I confirm that these passages in Mr. Attali's book, published as though they occurred between 1982 and 1986, are exactly those spoken to me by President Mitterrand in 1988," Mr. Wiesel said Tuesday in a telephone interview. "These things were said to me, as part of a book project I have with President Mitterrand, and not to Mr. Attali. I feel very sad because I considered Mr. Attali a friend."

The revelations could have a devastating effect on Mr. Attali, who was pushed close to resignation last month when it was disclosed that the bank, established two years ago to aid eastern Europe, had spent twice as much on itself as it had disbursed in loans.

Mr. Attali's 958-page book, published to at fanfare by the Paris publisher Fayard last month, purports to contain his first-hand account of life at the Elysée Palace between 1981 and 1986. During this period, Mr. Attali special adviser to the president, occupying office next door to Mr. Mitterrand's.

A manuscript of the talks between Mr. Attali and Mr. Wiesel is awaiting publication in the Paris publisher Odile Jacob.

As Mrs. Jacob who first noted that 43 in "Verbatim" were identical to parts Mitterrand-Wiesel manuscript. She in Mr. Wiesel and *Le Nouvel Observateur* published an extract from the book on May 29 issue.

statement issued Tuesday, the Odile publishing house said: "The borrowing passages gravely prejudices a work of stance that Mrs. Jacob has been since 1988, and causes, through view by another house, severe damage she reserves the right to seek force any competent jurisdiction."

In an entry dated Feb. 10, 1982, 5 book, Mr. Mitterrand is quoted as "Israel must be intransigent to be on that land, to be in that it should be more flexible and love of the homeland does not of into an instinct of domina-

it was made in a conversation  
ATTALI, Page 2

## In Japan, a Mature Economy Must Reinvent Itself

By Steven Brill

*International Herald Tribune*

TOKYO — Youji Nagase, an assistant purser for Japan Air Lines, prefers to do his work at 35,000 feet. But on a Sunday afternoon this month, he donned his formal black uniform to join a group of JAL employees near a busy train station selling swimsuits and flights to Okinawa to passers-by.

"This is shameful, and I hate it," he volunteered. "But I can't say no."

Mr. Nagase can't say no because business is bad and getting worse. His employer, Japan's biggest international airline, is losing more than \$1 million a day, reeling from a lethal combination of a surging yen, a slump in consumer spending and growing international competition.

But Japan Air Lines is not alone in confronting these problems. All across Japan today, managers are being forced to restructure

operations, doing things they would have never considered just a few years ago:

• Cutting payrolls and capital spending

#### Starting Over

Restructuring businesses and economies.

Second in a series of articles

and bailing out of unprofitable businesses.

• Stepping up efforts to sell goods at home rather than boost exports.

• Slashing prices to satisfy bargain-hunting Japanese consumers.

• Hunting for higher profits at the expense of building market share.

• Rethinking longstanding relationships with local suppliers and buying more components abroad.

• Streamlining product lines.

Some experts say these changes are simply the inevitable consequences of a strengthening yen and the painful end of the 1980s economic boom.

But another, much broader theory is emerging: Japan is in the beginning of a full-scale restructuring, prompted most basically by slowing growth rates, technological change and intense competition. The result is a move away from the ingrown business practices that have characterized its economy since World War II, to a more open system more like that of the West.

"The Japanese economy is finally coming under international influence," said Seichiro Saito, professor of economics at Rikkyo University in Tokyo. "Our traditional practices had a logic that was valid while Japan was in the process of catching up. But they will inhibit rather than promote growth from now on."

The changes are by no means bad for the Japanese. In time, they should result in a greater emphasis on domestic consumption over investment, perhaps making Japan a more comfortable place to live. The changes could further open the Japanese economy to foreign companies, offering its people greater selection at lower prices. And Japanese companies that survive the shakeout would emerge as more efficient competitors both at home and abroad.

A slowing Japanese economy in recent years and the resulting sharp decline in corporate profits have prompted some of the changes in business practices. Company profits are estimated to have fallen an average of 28.4 percent in the fiscal year that ended in March, their third consecutive annual decline. The surge in the yen, which has jumped more

See JAPAN, Page 6

## De Benedetti on Bribes: Would Do It Again, if Needed

By Laura Colby

*International Herald Tribune*

Carlo De Benedetti, the Olivetti chairman, said in an interview Tuesday that he personally authorized the payment of bribes to Italian political parties in the 1980s and added that he would do the same again in similar circumstances to protect his company's interests.

In a telephone interview two days after making a startling confession of the computer maker's role in the Italian kickback scandal known as Tangentopoli, or Bribeville, Mr. De Benedetti said he had been a victim of a corrupt political system whose credo was "no more money, no more work."

"Name me a single big Italian company, or international one, that has not done the same," he said.

Mr. De Benedetti is the best-known Italian executive to

become involved in the scandal, which has embroiled hundreds of political officials, including two former prime ministers, and business executives ranging from the chairman of the state companies ENI and IRI to the No.3 and No.4 executives at Fiat SpA, the country's biggest private sector company.

The investigations have revealed an entrenched system of kickback payments to governing political parties in return for government work. That the corrupt can now expect to face trial rather than fat Swiss bank accounts amounts to, for Italy, no less than a revolution.

Unlike other senior executives who acknowledged that their companies had paid bribes but tried to distance themselves from the practice, Mr. De Benedetti said Tuesday that he took "full responsibility" for Olivetti's deeds, which he said were forced upon the company by politicians' extortionary tactics.

He emphasized, however, that he had never personally paid a bribe or joined negotiations over one.

Mr. De Benedetti said his company had paid a total of about 10 billion lire (\$6.8 million) to political parties to ensure contracts from the post office, adding, "I authorized those payments."

He declined to put a number on the total amount of bribes paid by Olivetti in the 15 years since he took it over, but said that "they were a very few cases, a very limited amount, and much less important than those which we refused."

"It was not a habit."

Mr. De Benedetti has not been charged with any wrongdoing, nor has he received an *avviso di garanzia*, an official

See ITALY, Page 2

#### Kiosk

### Israeli Forces Kill 5 in Gaza Strip

JABALYA, Israeli-Occupied Gaza Strip (Reuters) — Israeli forces shot and killed four Palestinians in the Gaza Strip on Tuesday and a fifth Arab died of wounds, Palestinian witnesses and hospital sources said.

Troops shot and killed at least three Palestinians and wounded at least 35 in a single incident in the town of Jabalya in Gaza, witnesses said. The army confirmed that there was a clash in Jabalya but would not provide any details. The incident began when about 3,000 supporters of the banned Islamic resistance movement Hamas gathered for a memorial service for one of six Hamas militants killed by Israeli forces May 10 near the border with Egypt.

#### General News

U.S. policymakers are now turning to Africa. Page 9.

Clinton assailed critics and asked Americans to stay with us on economic policy. Page 3.

Business / Finance

Italy cheered financial markets with a tax break. Page 15.

Inflation is gaining momentum in China. Page 17.

#### Dow Jones

Down 5.54

3,444.39

#### Trib Index

Down 0.47%

99.51

#### The Dollar

New York, West

DM 1.6247

1.614

Pound 1.5354

1.536

Yen 111.475

111.30

FF 5.4785

5.4389



Gennadi Yanayev, a former Soviet vice president, flashing a victory sign as he and a former KGB chief, Vladimir Kryuchkov, left a Moscow court Tuesday after their trial in a 1991 coup plot was suspended. Page 4.

## Chaos in Cambodia, Raiders Carry Off Temple Treasures

Mary Kay Magistad

*Washington Post Service*

ENG, Cambodia — The imposing stone entrance to a 9th-century temple here in saw.

ice left half of the ornately carved head and the other half fallen onto humid airing skyward.

did this probably didn't realize how or they would have taken it," said Janos said in sad disgust.

arian diplomat with the UN peacekeeping Reap Province, for years has written Cambodia's renowned 12th-century Angkor. He says he is "shocked and heartbro-

ken" by a recent sharp increase in highly organized thefts from Cambodian temples.

The thefts feed a hungry international black market for art objects. Many of the priceless statues, Buddha heads and carvings are being spirited across the Thai border, said Richard Engelhardt, director in Cambodia for the UN Economic, Scientific and Cultural Organization.

"It's not an exaggeration to say that at least one piece a day crosses from Cambodia into Thailand," he said. "It's a very, very serious problem."

Many such treasures turn up in exclusive antique shops in Bangkok and Singapore. But the most valuable pieces are often stolen on consignment. Mr. Engelhardt says, and sold to private collectors.

"I've been at a temple site, where I've overheard Thai

dealers discussing which pieces they're supposed to find and take back for clients," Mr. Engelhardt said.

Other observers have seen Thai and Cambodian soldiers at the sites, taking pictures and cataloging the best of what is left.

Although Thailand fiercely protects its own cultural property, it has refused to sign Unesco's 1970 convention for preventing trafficking in antiquities. As a result, Bangkok antique dealers do a booming trade in relics stolen from neighboring Burma and Cambodia.

Even after centuries of pillage and plunder, the hundreds of 9th- to 13th-century temples in Cambodia's troubled Siem Reap Province still hold enough treasures to lure gangs of thieves, armed with machine guns, grenade launchers and equipment to lift and carry away the heavy stone artifacts.

The complexity of such an operation makes Mr. Engel-

hardt and others suspect that the thieves are getting inside help.

"At Angkor Thom, thieves have to go in and out a guarded gate," said Mr. Engelhardt, referring to a temple site near Angkor Wat. "Either they're paying off the guards, or warning them in advance not to move from their posts. It's a really insecure area anyway, so people tend to heed such warnings."

About half of Siem Reap Province is controlled by Khmer Rouge guerrillas, who have stepped up attacks on UN targets in Cambodia in recent months and are widely believed to have conducted a May 3 attack on the town of Siem Reap.

UN officials said that about 2,000 refugees now are

See LOOT, Page 5

## New Study Puts China Economy At 3d Biggest

By Steven Greenhouse

*New York Times Service*

WASHINGTON — China's economy is more than four times larger than previously thought and is the world's third largest, behind only the United States and Japan, the International Monetary Fund says in a study to be released next week.

Conceding that previous studies understated the results of China's phenomenal growth, the IMF used a different measuring system and found that China's economy produced almost \$2 trillion worth in goods and services last year, far greater than previous estimates of less than \$500 billion. This means that China's economy is only slightly smaller than Japan's, though it is still less than two-fifths the size of the United States economy.

If their prodigious growth continues, the World Bank estimated the combined economies of China, Hong Kong and Taiwan will be larger than the American economy in less than a decade.

The main importance of this is geopolitical," said Paul Engeman, an economist at the Massachusetts Institute of Technology. "It's a reminder that China is a great power already, which is something many people haven't quite grasped yet."

Some economists said the new estimates will force government and economists alike to stop thinking that Asia's economy is dominated by Japan alone and start viewing Asia as a conti-

See CHINA, Page 6

JAVICO 1500



Son Sann, left, a former prime minister and a candidate of the Buddhist Liberal Democratic Party in Cambodia's elections, exchanging greetings with a supporter Tuesday in Phnom Penh.

### UN Expects Cambodia Poll Attacks

By Philip Shenon  
New York Times Service  
PHNOM PENH — The head of the UN peace-keeping operation in Cambodia said Tuesday that this weekend's elections will not be canceled even though the United Nations now expects the voting to be marred by terrorism, including possible attacks by Khmer Rouge guerrillas on UN-supervised polling stations.

## Norway Will Resume Whaling

### Oslo Cites Its 'Rights to Available Resources'

The Associated Press  
OSLO — In defiance of an international ban, Norway announced Tuesday that it would resume commercial whaling this year.

At the northern stock could sustain a hunt of 2,000 to 4,000 animals and that whalers had expected a quota of 800 minke whales, including those for research.

## WORLD BRIEFS

### Guatemala Is Assailed Over Rights

LONDON (Reuters) — Killings, summary executions and torture are common in Guatemala despite promises by the civilian government to end decades of human rights abuses, Amnesty International said Wednesday.

### Students and Police Clash in Seoul

SEOUL (AP) — Riot police armed with truncheons and shields battled thousands of students Tuesday to block them from marching to the homes of two former presidents to demand a new investigation of a bloody military crackdown.

### Ankara Said to Jail British Reporter

ANKARA (AFP) — A British freelance journalist, Andrew Norman Penny, has been imprisoned by a Turkish court and charged with "propaganda and collaboration" with the separatist Kurdistan Workers Party, a reliable source said Tuesday.

### Wolf Letter Cited 400 Moles in West

DUSSELDORF, Germany (Reuters) — Markus Wolf, the former East German spy master, asserted that he had run a network of 350 to 400 moles inside West Germany in the 1980s, a court trying him for treason learned Tuesday.

### Correction

A Page One dispatch in Tuesday's editions about a Danish poll on the Maastricht treaty was credited to the wrong news agency. The dispatch was sent by Agence France-Press.

## TRAVEL UPDATE

### Mitterrand Chides U.K. on Rail Link

LILLE, France (Reuters) — President François Mitterrand of France made fun of Britain on Tuesday for not building a high-speed rail link to the Channel Tunnel.

## ITALY: An Admission on Bribes

Continued from Page 1  
notification that one is a suspect of a crime, according to a spokesman.

### Fugitive N As Mafia Is Caught

ROME — Tuesday's capture of a high-ranking head of its arm over the arrest of his boss.

## Neo-Nazi Threat Endures, Aide Says

Reuters  
BONN — Neo-Nazi attacks against foreigners could flare again at any time despite government attempts to crack down on extremist gangs, the head of Germany's domestic security service said Tuesday.

sparked other attacks around the country.

en foreigners, were killed in extremist violence in Germany last year, and more than 2,200 were injured.

## ATTALI: Plagiarism Allegations

(Continued from page 1)  
with Mr. Wiesel in January 1988, but Mr. Attali's book omits this fact. Le Nouvel Observateur, in the article that was to appear Wednesday, cites another passage on faith that is transposed from 1988 to 1983.

An official at the Elysee Palace, who spoke on condition of anonymity, said the president had indeed seen the book before publication but had not wished to make any changes to it because he did not wish convey the impression that the work in any way reflected his views.



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# STATESIDE / LASHING BACK

## ★ POLITICAL NOTES ★

### Pentagon Cuts Estimate of Bush Budget Error

WASHINGTON — The Clinton administration has conceded that the Bush administration did not massively underestimate the cost of continuing U.S. military programs over the next three years, as some Democratic critics have contended.

After a 90-day investigation by an independent panel, the Defense Department reported that any "error" most likely will total \$12 billion to \$15 billion for the three years, rather than \$50 billion to \$75 billion, as some critics had asserted.

As a result, Clinton administration officials said they would not have to cut major military programs further in order to make up the difference. The shortfall is "not as bad as some of the projections," a Pentagon budget specialist acknowledged.

The report laid to rest what had threatened to become a major issue in this year's debate over the military budget. Several influential lawmakers, including Senator Sam Nunn, Democrat of Georgia, the chairman of the Senate Armed Services Committee, had warned that the disparity could derail the entire military budget. (LAT)

### Bill Aims to Broaden Tobacco-Sale Regulation

WASHINGTON — A bill introduced in the House of Representatives would expand U.S. government regulation of cigarette sales and move the tobacco industry under the regulatory ambit of the Food and Drug Administration.

Representatives Mike Synar, Democrat of Oklahoma, and Richard J. Durbin, Democrat of Illinois, introduced the bill, called The Fairness in Tobacco and Nicotine Regulation Act of 1993. It would give the Food and Drug Administration full responsibility for regulating the manufacture, sale, labeling and advertising of tobacco products. These processes are now overseen by various agencies, including the Federal Trade Commission and the Department of Health and Human Services.

"As we move closer and closer toward reforming our country's health-care system, it is clear the public is demanding a bold, innovative departure from business as usual," Mr. Synar said.

The bill also would ban the sale of cigarettes to people under 18, as the law of every state but Montana already requires, and would make it mandatory for the chemical additives in tobacco to be listed on packaging. Costs of the regulation would be borne by the industry.

Mr. Synar cited estimates that the nation spent \$65 billion a year on smoking-related conditions, from disease to decreased productivity. Approval of the bill, he said, would "bring this nation's leading cause of death and disability in line with the way other legal products are regulated." (WP)

### White House Backs Bush on Computer Files

WASHINGTON — The Clinton Justice Department marched into federal court and defended as proper an agreement giving former President George Bush exclusive legal control of the computerized records of his presidency.

The White House communications director, George Stephanopoulos, said in an interview that the decision to support the agreement was based on a determination that, like Mr. Bush's White House, the Clinton White House does not want a succeeding, potentially unfriendly administration pawing over its computer files. (WP)

### A Democratic Revolt Brews Over Spending

WASHINGTON — A group of disgruntled Democrats has threatened to try to derail President Bill Clinton's \$340 billion deficit-cutting bill unless they get a chance to seek more spending cuts.

Conservative and moderate Democrats said they would demand the right to offer additional spending cuts and a cap on benefit programs, known as entitlements, or threaten to block House consideration of the measure if their requests are denied. (LAT)

### Quote/Unquote

Mr. Clinton, in the face of some hostile questioning from Californians about his economic program at a televised public forum: "I don't like taxes... I don't like this, but we've got to get a hold of this deficit. It'll kill us if we don't." (Reuters)



President Clinton watching a procession of Taos Indians pass by before making his speech in Los Alamos, New Mexico, on Tuesday.

## President Is Frustrating Some Democrats

By Clifford Krauss

New York Times Service

WASHINGTON — Representative Dave McCurdy of Oklahoma, one of President Bill Clinton's earliest supporters and a leading conservative Democrat, has accused the president of betraying the spirit of his electoral campaign and of governing like a traditional liberal.

Mr. McCurdy warned that a growing number of Democratic members of the House had told him that they opposed Mr. Clinton's proposed tax increases, a movement that the congressman suggested could torpedo the administration's economic proposals.

Moderate and conservative Democrats, the congressman said, "are shaking their heads that the deficit at the end of the Clinton administration — after the largest tax increase in history — will be as large as during the Bush administration."

"The soul mates are feeling left out," he said. Mr. McCurdy's disappointment with the administration has been expressed by other lawmakers, but not for publication. A member of the House speaker's leadership said last week that there were not yet enough votes to pass Mr. Clinton's tax increases and spending cuts.

Mr. McCurdy, along with Representative Timothy J. Penny of Minnesota and Charles W. Stenholm of Texas, are threatening to oppose the proposals unless party leaders let them offer amendments adding more than \$50 billion in budget cuts and capping the growth of programs such as Medicare and Social Security.

Nevertheless, most congressional strategists said that when push comes to shove, the Republicans will fall short of winning over the 40 or so Democrats they would need to defeat Mr. Clinton's economic program. The more serious challenge is expected in the Senate.

Even if Mr. McCurdy's display of frustration is not a sign that the administration is heading for a major defeat in the House, it is evidence that Mr. Clinton's original base of Democratic conservatives and moderates may be eroding.

"Much of the president's appeal during the campaign was campaigning as a new Democrat," Mr. McCurdy said. "The rhetoric has been new, but the programs have been old."

The congressman expressed particular disquiet with the proposed energy tax, noting a University of Oklahoma study predicting it would cost his oil-producing state 11,000 jobs.

Mr. McCurdy, like Mr. Clinton, has long been active in the Democratic Leadership Council, a group designed to move the party to the center. He endorsed Mr. Clinton's presidential candidacy long before the New Hampshire primary and served as an important adviser during the campaign.

The lawmaker said he had had several frank conversations with both the president and his wife, Hillary, in recent months, in which he criticized the administration for its tax program and its failure to consult with moderate Democratic lawmakers on social issues such as the proposal to let foreign AIDS patients enter the United States.

Mr. McCurdy has a history of criticizing senior members of his party, for which the House speaker, Thomas F. Foley, punished him late last year by refusing to reappoint him as chairman of the House Select Committee on Intelligence.

He initially earned the speaker's ire by denouncing Mr. Foley's performance during the House's budget scandal. He then privately asked senior military officers to lobby for his appointment as secretary of defense.

## Assailing Critics, Clinton Asks Public To 'Stay With Us'

By Dan Balz

Washington Post Service

LOS ANGELES — With his program and his presidency under fire in Washington, President Bill Clinton is lashing back at his critics, urging the public during a trip across the United States to "stay with us and we can turn the country around."

Mr. Clinton has been seeking to dispel growing concern over the economy and a perception that Washington remains in political gridlock. He argues that in the first few months of his presidency, he has made "a real beginning" on solving the country's problems but that it will take time to complete the job.

Responding to criticism that his program is too heavy with tax increases, Mr. Clinton said Tuesday that the higher levies were necessary because "the free lunch crowd" that had run the country for 12 years — by which he meant the Reagan and Bush administrations — had allowed the federal deficit to run out of control.

"No new taxes," a heckler yelled as Mr. Clinton spoke to students at a Los Angeles community college.

"We tried it your way for 12 years, and look what it got us," Mr. Clinton retorted, winning applause from his student audience.

Mr. Clinton visited Los Angeles the morning after a televised "town hall" session in San Diego that was dominated by questions about the economy and other domestic issues, to the delight of Mr. Clinton and his advisers.

The president seemed very much back in a campaign mode on this trip. At the start of his trip in Los Alamos, New Mexico, site of the birth of the atomic bomb, the White House staged a full-scale rally in a high school football stadium. Mr. Clinton's presumed theme was his \$20 billion defense-conversion program that he had proposed in his budget speech early this year. It is intended to ease the United States' transition to a post-Cold War military budget.

Mr. Clinton paid tribute to the role that Los Alamos National Laboratory played in ending World War II and the Cold War. But he said that while it still had some defense-related missions, projects with commercial applications would be equally important in providing economic security in the next century.

His principal message, however, was to defend the new spending in his economic program, which he argued was every bit as important to the country's future as his efforts to reduce the budget deficit.

"We have to do both," he said. "We have to bring this deficit down and sharply invest in things like these laboratories so we can grow this economy for tomorrow."

In San Diego, Mr. Clinton had argued that the \$246 billion in new taxes he has proposed would fall mainly on wealthy Americans.

He also said he had tried to cushion the burden of his new energy tax on middle-income families, whom he defined as those earning \$40,000 to \$100,000 a year.

Returning to themes that had helped him win the election last year, Mr. Clinton argued that it was time for action in Washington.

"We've got to put our house in order, folks," he said. "If we don't do it, we'll be paying for it for a long time to come."

This is the second week in a row that Mr. Clinton has taken to the road to sell his economic program, which has seen a steady decline in public support over the last two months.

Besides defending his revenue proposals and fighting opposition to his spending initiatives, the president was trying, as one aide put it, to show the public "what they're getting for their taxes."



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## A Black Is New Poet Laureate

New York Times Service

WASHINGTON — Rita Dove was named poet laureate of the United States on Tuesday, the first black writer to be appointed since the post was established in 1985. At 40, she is also the youngest laureate.

Ms. Dove, winner of the 1987 Pulitzer Prize for poetry, is noted for the leanness of her verse. She often brings the black experience into her work, which relies heavily on autobiography and history. Her poem "Mississippi," for example, is "almost a meditation on the Mississippi River and what it has meant in American history," she said Tuesday.

She recently was appointed Commonwealth Professor of English at the University of Virginia, which is close enough to Washington for her to contemplate spending at least a part of every week in the capital. Ms. Dove succeeds Mona Van Duyn in the \$35,000-a-year post. Other laureates have included Joseph Brodsky and Mark Strand. The appointment, by the librarian of Congress, is for one year.

## Away From Politics

Michigan prosecutors will not decide whether to file charges against Jack Keenan of Detroit until the police finish investigating the latest suicide witnessed by the retired physician. The results of the police investigation are expected later this week.

Doctors in Los Angeles need an artificial liver made with pig cells to keep a patient alive after her own failing liver was removed. The "artificial liver" helped the California woman, 18, survive without her own liver for 14 hours until she received a human liver.

John C. Sowers, 37, who beat a woman to death with an iron belt, was executed by lethal injection in Texas's fifth execution of the year. The victim was Eshel Delaney, 67. He was the 59th person executed in Texas since the state resumed executions in 1982. Texas conducted more executions than any other state since the state Court restored the death penalty in 1976.

Scientists have developed a "glow-in-the-dark" TB test to show if a patient is infected with a tuberculosis strain that can be dealt with common anti-TB drugs or is suffering from a drug-resistant strain. Dr. William Jacobs of Howard Hughes Medical Institute in New York said in Atlanta that bacteria could be treated a tube so that those that are drug resistant glow.

selection began in the manslaughter trial of Rodney Peairs, 30, accused of killing a Japanese exchange student, Yoshitiro 16, of Nagoya. The student knocked on the wrong door during for a Halloween party last autumn near Baton Rouge, La.

quake measuring 6.0 on the Richter scale rolled across a area of California and Nevada, but it was centered in a sparsely populated area and there were no immediate reports of injuries or damage.

ancellor of the City University of New York and five other are responsible for depriving Leonard Jeffries of his right to teach, a federal jury ruled. It must still decide whether he is damages. Witnesses testified that the six officials wanted removed as chairman of the black studies department in 1991 speech criticized as anti-Semitic.

AP, Reuters, NYT

## U.S. Rated 6th in Study Of the Quality of Life

By Spencer Rich

Washington Post Service

WASHINGTON — The United States ranks sixth overall in quality of life among the world's nations, according to a team of economists for the UN program. The U.S. Hispanic population would place 35th, it said.

The system of rankings, called the Human Development Index, combines measures of real purchasing power, education and health for 173 countries.

The United States had the highest real gross domestic product per capita in 1990 (\$21,449 after adjustments for exchange rates and purchasing power) and the highest average years of schooling (12.3).

On a scale in which 1.0 is a "perfect" score, the report ranked Japan at 983. The U.S. rating was 976.

As a separate group, U.S. whites, with an adjusted gross domestic product per capita of \$23,372 (compared with \$17,100 for blacks and \$15,300 for those of Hispanic origin), were rated at 986.

The U.S. black rating of 881 is about the same as Uruguay and Lithuania. Hispanic Americans' rating of 869 ranks just below South Korea and Latvia. Both groups, however, ranked ahead of Russia (862), Chile, Belarus, the Ukraine, Argentina, Poland and virtually all developing countries.

The report said that when adjustments are made for "gender discrimination" in employment and wages, Sweden jumps to first place in the world index, the United States drops to ninth and Japan to 17th. When income disparities between economic classes are taken into account, Japan remains first but the United States slips to ninth.

At the bottom of the rankings are Gambia (491), real GDP per capita and an index of .086), followed by Mali, Niger, Burkina Faso, Afghanistan, Sierra Leone and Guinea.

## Most of Clintons' Nest Egg Is in Low-Yield Investments

Reuters

SAN DIEGO, California — President Bill Clinton and his wife, Hillary, have accumulated between \$34,000 and \$1.7 million in savings, stocks and bonds, according to a financial disclosure statement made public by the White House.

The statement covers 1992 and thus does not reflect any changes in Mr. Clinton's financial situation since he assumed the presidency Jan. 20.

Most of the Clintons' money appears to be invested in money market funds, a low-yielding investment that could either reflect a cautious approach to the financial markets or a desire not to own large blocks of stock in individual companies so as to avoid conflicts of interest.

The couple owns some shares, however, including a significant block of shares of the department store chain Wal-Mart Stores Inc. valued at between \$100,000 and \$250,000.

All other individual stock holdings of the first family were valued at far less — in the range of \$1,000 to \$15,000, including shares in Nynex Corp., Bell Atlantic Corp. and BellSouth Corp.

Mrs. Clinton's stake in her Little Rock law firm, the Rose Law firm, was valued at between \$100,000 and \$250,000. She quit the firm when the Clintons moved to Washington. Her reported earnings for 1992 totaled about \$250,000.

The Clintons were required to report the value of their assets only in a wide range, making their net worth difficult to determine.

## Death Toll in Waco Fire Is Revised Downward to 78

Compiled by Our Staff From Dispatches

FORT WORTH, Texas — A medical examiner has revised the death toll from the Branch Davidian fire once more, saying 78 people, including 22 children, died at the cult's compound near Waco.

Investigators initially thought 86 cultists died when the compound was consumed by fire on April 19 after a 51-day standoff with federal authorities.

But after completing their search earlier this month, investigators found only 72 corpses, including those of 17 children.

The figures began changing when pathologists examined more closely the badly burned remains. Several of the bodies were inter-

mingled, and not identified as separate until they were further examined. Many of the bodies were found in a bunker amid the cult's ammunition stockpile.

Of the 78 people now believed to have died, pathologists have found that 27 were shot.

Dr. Wecht, a controversial Pittsburgh pathologist who has consulted on many famous deaths, also said in a telephone interview that the bullet wound in the back of the head of a cult lieutenant, Steve Schneider "tells me he did not shoot himself."

But Dr. Wecht would not speculate further on how Mr. Koresh and Mr. Schneider might have died. (AP, WP)

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"but they should be alerted to what they're doing," He declined to give sales figures. Joe Cherner, president of Smoke-free Educational Services, a New York anti-smoking group, said, "The name should have been Cancer or Chemotherapy."

U.S. Police Condemn Interpol As Corrupt

BRUSSELS—U.S. police chiefs and law enforcers attacked Interpol on Tuesday as an incompetent, corrupt body that they said put police across the world at risk.

"Interpol's security is horrendous and is threatening the lives of the police on the streets who have to handle drug dealers and terrorists on a daily basis," said Dennis Martin, president of the National Association of Chiefs of Police.

Interpol is a network of about 160 countries that exchange information on criminals. It is administered by a secretary in Lyon.

Mr. Martin's association, which represents about 11,000 police officers, has put its weight behind a European Community criminal intelligence network called Eurocop, which is to begin later this year.

Moscow's Treason Trial Is in Disarray

By Steven Erlanger New York Times Service

MOSCOW—The treason trial of 12 former Soviet leaders accused of carrying out the failed August 1991 coup attempt turned into farce Tuesday as the presiding judges suspended the proceedings indefinitely on the grounds that the chief prosecutor was biased.

Meeting after a monthlong suspension because of the illness of one of the defendants, the three military judges accepted a defense motion that the prosecution team was tainted by the misconduct and bias of Russia's chief prosecutor, Valentin G. Stepankov, and his deputy, Yevgeni Lisov.

The two men wrote a best-selling book about the coup, "The Kremlin Conspiracy," which was published long before the trial opened April 14. It detailed much of the government's evidence and described the defendants as criminals.

The presiding judge, Major General Anatoli Ukolov, said the court would ask Russia's standing parliament, the Supreme Soviet, to examine "serious violations" by the prosecutors and to consider how the "real independence" of the prosecution team could be guaranteed.

General Ukolov said the case would be suspended until the Supreme Soviet responded. The judges did not explicitly call for Mr. Stepankov and Mr. Lisov to be replaced, though that seemed to be their implication.

The involvement of the Supreme Soviet will give an overtly political cast to the case, which now seems as botched as the coup attempt itself. The trial originally opened April 14, but was suspended after the illness of one defendant, Alexander I. Tizyakov, a former leader of an association of military-industrial enterprises.

Mr. Stepankov and Mr. Lisov are not taking part in the trial, and the team of nine prosecutors argued that they were acting independently. Defense lawyers, however, successfully argued that the prosecutors' careers depended on their boss, Mr. Stepankov.

The defendants showed little emotion when the decision was announced, but their families broke into applause. The 12, who include the former Soviet vice president, prime minister, defense minister and heads of the KGB and the legislature, face possible death penalties if they are found guilty of treason. The country they are accused of betraying, the Soviet Union, no longer exists, and they have argued in newspapers and lectures that rather than betraying the Soviet Union, they were trying to save it from chaos.

YES: Danes Approve Treaty on European Unity, Reversing '92 Rejection

(Continued from page 1)

tears, was ousted and unable to answer the central question Maastricht advocates threw at them: What would Denmark do after rejecting the pact?

"The campaign was much rougher this time," said Drude Dahlerup, a political science professor who led the June Movement campaign against the treaty. "The government Americanized their campaign. The prime minister would not debate, he only held rallies. There were a lot of personal attacks. It was very un-Danish."

The arguments against the treaty were emotionally powerful, striking at Danes' fears that their five million people would be lost among 340 million citizens of a united Europe.

"It's not that I dislike my fellow Europeans," said Mikael Rothstein, a historian of religion in Copenhagen. "I voted 'no' because we need

close cooperation with other countries, not a remote superstate that will dissipate our political culture."

But Kirstine Munk, a student who voted for the treaty, reflected both the government's arguments and voters' general lack of enthusiasm, saying: "The problems we have today are much bigger than one country. History changes, everything changes, why not try this?"

Only Britain and Germany now have yet to complete ratification of the treaty, which requires unanimous approval to go into effect. Mr. Major, facing heavy opposition to his pro-Europe stance from the ranks of his own Conservative Party, is expected to be strengthened by the Danish vote.

The situation in Germany is more of a toss-up. Although the legislature has approved the treaty, its fate now lies with the country's high-

est court, which is to rule this year on the constitutionality of Germany transferring sovereignty to the Community.

In the event of a "no" vote by the Danes, Chancellor Helmut Kohl was planning to call for an emergency European summit meeting to develop a new unity treaty. A small group of countries including Germany, France and the Netherlands was considering going ahead with unification on their own.

But Europe is instead back to finding a way to carry out the Maastricht treaty. The massive document calls for the 12 countries to spell out details of their political and economic union at a conference in 1996.

At that point, said Henning Olsson, domestic editor of the Copenhagen daily Politiken, "We may have to get ready for a third referendum. This isn't over yet."

EUROPE: Danish Vote Only Frees the EC to Get Back to Big Problems

(Continued from page 1)

ive impact on Europe's economies by helping to trigger currency speculation. Kim Schoenholtz, director of economic and market analysis at Salomon Brothers in London, said this year's vote will not have anywhere near as dramatic a positive impact.

He said the result may enable Denmark to cut its short-term interest rates, which at nearly 10 percent are crippling high in relation to an inflation rate of just 1.1 percent. But the wider impact will be limited because the difference in interest rates between German levels and those of its partners, particularly France, have narrowed sharply in recent weeks.

"The market has largely discounted a 'yes' vote," he said. In addition, market participants and European officials remain wary of the contradictions between the Maastricht treaty's monetary goals and current EC efforts to combat recession and unemployment.

ment, the prime objective of the Copenhagen summit meeting next month.

Philippe Maystadt, Belgium's finance minister, opened a potential Pandora's box over the weekend by suggesting that the Community would have to reduce the Maastricht's strict requirements on low inflation, government deficits and overall government debt if the recession continues into next year, as most economists now predict.

Currently, only Luxembourg meets the Maastricht criteria for a single currency, and most economists do not see the presumed hard-core countries such as France, Germany, Belgium and the Netherlands getting their budgets into line by the first target date, 1996. But discussing a change in the criteria remains taboo because it could only exacerbate German hesitance about giving up the Deutsche mark. EC officials admit.

Mr. Christophersen said the Maastricht treaty left open the possibility of reassessing the conver-

gence criteria in coming years, but that it was too soon to envisage such action. He acknowledged that member states were far from reaching the targets now, but said the fact that most members could have met them when the economy was buoyant in 1989 showed that "a lot can be done in the next three or four years."

Even if the single currency plans stay on target, a two-track Europe is still on the cards because Denmark and Britain have decided to opt out. In addition, Mr. Schoenholtz said, forward interest rates indicate that the financial markets do not believe that Spain or Italy's economic performance will converge toward the members of the hard core anytime soon.

Denmark's decision not to take part in Maastricht's plans for greater cooperation on foreign and defense policy, as well as moves toward a common EC citizenship—the conditions for its approval this time around—underscore the continuing divisions over whether the Community needs to develop as a centralized federal state or remain a looser grouping of sovereign nations linked mainly by a single market.

Those divisions could become even more difficult to manage if the Community fulfills its ambitions to absorb Sweden, Norway, Finland and Austria by 1995.

Flans van den Broek of the Netherlands, commissioner for external political affairs, acknowledged the differences but said it was "not the time to be pessimistic" now that Denmark has given a push to European integration.

Indeed, the belief among officials and diplomats here is that the vote will allow the Community to get beyond the paralyzing debate over whether Europe needs a federal state, at least for the time being.

That fundamental question will have to be resolved more clearly in an intergovernmental conference planned for 1996.

"The forward movement of European union can continue," said one diplomat, even while member states continue to debate the precise outline of the Community's future structure.

In addition to British ratification, which the government of Prime Minister John Major hopes to achieve by October, the treaty also must survive a challenge in Germany's constitutional court over whether Maastricht violates German sovereignty and principles of democratic control. A decision is expected in July.

An allied coalition for Bosnia The coming Cambodian elections EC - Japan - US trade issues Middle East peace talks

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# Foes Agree To Accept Cease-Fire In Croatia

By William Schmidt  
New York Times Service

ZAGREB, Croatia — The United Nations reconvened talks Tuesday between rival sides in what some diplomats here now describe as the Balkans "forgotten war," the ongoing, sometimes desultory struggle over the rugged Croatian hinterland between Croats and ethnic Serbian irregulars.

In a meeting in the town of Topusko, inside Serbian-controlled Croatia, a delegation of Croats and Croatian Serbs met for the first time in six months to discuss a conflict that since January has resulted in an unbroken rhythm of gun and shellfire along the frontier of the self-styled Serbian Republic of Krajina, well inside the borders of Croatia itself.

The two sides agreed to carry out parts of the Vance-Owen peace plan and adhere to a cease-fire, according to a mediator, Lord Owen, quoted by Reuters.

"This does mark the first important step towards the implementation of the Vance-Owen peace plan," he said.

While Washington and Europe have been preoccupied with how to separate battling Croats, Muslims and Serbs inside the neighboring republic of Bosnia-Herzegovina, and impose a peace settlement there, the battling inside Croatia has gone on steadily if often unspectacularly, seldom noted beyond the Balkans.

Beyond occasional reports of civilian and military casualties, it has left road and rail links between Zagreb and the coast blocked or severed, disrupted the supply of electricity, wreaked havoc with the local economy and unleashed a tide of refugees.

Every morning, radio stations on both sides of the Croatian divide routinely report news of fresh clashes, including infantry skirmishes, along a wide arc that extends from just outside the southern coastal towns of Zadar and Šibenik, to Karlovac, an industrial crossroads nearly 160 kilometers (100 miles) to the north, and barely a half hour south of Zagreb itself.

The meeting Tuesday was brokered last week by Vitali I. Churkin, the Russian deputy foreign minister, when he visited both Zagreb and Knin, the nominal capital of the rump Serbian republic. According to sources in Zagreb, Mr. Churkin told the Croatian Serbs they were locked in a war of attrition with the Croats, and ought to at least talk about ways to cooperate on the restoration of critical services to the area, including rail and road lines and electricity.

Abutting the southwest frontier of Bosnia-Herzegovina, this rugged highland area of Croatia is regarded as key to any lasting agreement between Croats and Serbs. It was the focus of some of the earliest fighting in the Balkans, when fiercely nationalist Serbs living in the area resisted attempts by Zagreb to impose political and cultural imperatives over the Krajina. Although Krajina geographically belongs to Croatia, it historically has been a Serbian redoubt.

Officially, Zagreb and Belgrade agreed to stop fighting one another in 1991, with as much as 30 percent of Croat territory under Serbian guns while the United Nations tried vainly to broker its return to Croatian civil authority.

Then, in January, exasperated Croats mounted a surprise offensive on Serbian irregulars inside Croatia, trying to take by force what they could not win by talking. They pushed back Serbian lines as many as 40 kilometers along the Dalmatian coast, recapturing the Maslenica gorge, where a key highway bridge had been destroyed in fighting. They also captured the Peruca hydroelectric plant, 145 kilometers to the north, although damage to nearby dam has rendered it all but useless.

In turn, the Serbs began regular shelling of Croatian lines and villages, as both sides refused, until Tuesday, to return to the bargaining table.

Western diplomats and UN officials said they did not hold out much hope that the talks would make any substantive difference. Until now, both sides have remained implacably resistant to any sort of compromise. The Croats have insisted on controlling their own territory, under the terms of recent UN agreements. The Knin Serbs have refused to knuckle under to Croatian authority.

But there is widespread agreement that something must be done to relieve the tension building in the area, amid fears that the situation could easily trigger another Serb-Croat war.

At best, the UN says, the object of Tuesday's exercise was modest — to establish what they describe as a forum where the two sides can sit down to discuss economic issues, such as the supply of electricity, while agreeing to maintain an interim cease-fire. In the coastal city of Split, for example, there is often no electricity at all during the day, because of damage to the hydroelectric grid.

So far, the United Nations has had no success at all in carrying out provisions of UN Resolution 802, which among other things calls for the demilitarization of areas like Krajina, and the return of refugees and local civil authority.

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Two Muslim women sharing their despair Tuesday after being forced to leave their homes in the town of Banja Luka, which is now controlled by Bosnian Serbs. They went to a refugee center in Zenica.

# Russia Pushes a Balkan Plan

## Kozyrev Urges U.S. to Accept His Initiative

By Craig R. Whitney  
New York Times Service

BELGRADE — Insisting that the president of Serbia still backed the international peace plan for Bosnia-Herzegovina despite its rejection by Bosnian Serbs, Russia's foreign minister said Tuesday that he hoped the United States would yet agree to a Security Council meeting to carry it out.

Foreign Minister Andrei V. Kozyrev met with President Slobodan Milosevic of Serbia here after seeing the Croatian president, Franjo Tudjman, in the Adriatic resort of Split. Mr. Kozyrev said the Croatian leader agreed to accept an international monitoring force along the Croatian-Bosnian border.

Mr. Milosevic earlier this month renewed a year-old offer to accept an international group of monitors along the Serbian-Bosnian border to verify his claim that Serbia is not allowing military supplies to the Bosnian Serbs who have been driving Muslims from their homes. So far, neither Russia nor the United States has agreed to provide troops for such a monitoring force.

Asked Tuesday whether the Serbian president stood by the offer to accept such a force, Mr. Kozyrev said: "We discussed the idea but they have their own plan of decision-making. President Milosevic firmly reiterated his decision not to supply anything but humanitarian aid and medicine to the Bosnian Serbs as long as they object to the peace plan."

After the 90-minute meeting in a former Yugoslav royal palace in the center of the city, Mr. Milosevic told state-controlled television that the Russian view of the crisis was "more objective" than that expressed by some Western leaders who called for outside military intervention to stop the fighting.

"Mr. Kozyrev shares the opinion that the use of force will only deepen the crisis," the Serbian president said. He also noted that the Bosnian Croats and Muslims who had signed the international peace plan were now fighting pitched battles

with each other in the ancient city of Mostar.

International mediators Lord Owen and Thorvald Stoltenberg met Tuesday in Medjugorje, Bosnia, to try to mediate an end to Muslim-Croatian fighting. Earlier, in Split, they insisted that the plan named for Lord Owen and Mr. Stoltenberg's predecessor, former Secretary of State Cyrus R. Vance, had not breached its last despite the rejection by the Bosnian Serbs and the apparent rethinking by the United States.

The Bosnian Serb leader, Radovan Karadzic, said in a radio interview after talks with General Philippe Morillon, commander of the UN humanitarian forces in the Bosnia, that if international forces agreed to separate the combatants along the existing front lines, "we could end this war in two weeks."

There was confusion about what the U.S. position now was, and intense interest in what the Russians were up to. The Russian deputy defense minister, Boris Gromov, came with Mr. Kozyrev to meet with President Dobrica Cosic and other leaders of the figurehead federal government of the rump Yugoslavia before they talked with

the real power here, Mr. Milosevic. Yugoslavia now consists only of Serbia and Montenegro.

U.S. officials said Monday that Secretary of State Warren R. Christopher would not accept a Russian invitation to a Security Council meeting of foreign ministers to discuss peacekeeping operations on Friday, saying there were too many unresolved issues because the Bosnian Serbs had rejected the peace plan.

Mr. Kozyrev belittled the referendum, saying it had been held in the middle of a war and could not be allowed to wreck the results of negotiations.

"We are in close and constant touch with Christopher and other members of the Security Council," Mr. Kozyrev said. "There are some political differences, but the most they come down to is whether we should meet on May 20 or May 25." He said he expected to go to Washington later this week for further discussions.

The United States tried to persuade the allies earlier this month to threaten air strikes against Bosnian Serb military targets while lifting the arms embargo on the Balkans.

# How West Bungled Effort in Yugoslavia

## A Dutch Envoy's Candid Look

By Joseph Fitchett  
International Herald Tribune

PARIS — Going public with candor rare in his profession, a Dutch diplomat involved in the European Community's peace efforts in the former Yugoslavia has published a book describing how Serbian expansionism and Croatian dissimulation tragically overwhelmed Western diplomacy, thanks to what are described as feeble European policies, colossal United Nations inaptitude and the smug folly of the UN-appointed negotiator, Cyrus R. Vance.

A year after those events, as the Balkan war apparently seals the fate of Bosnia, the book offers a guide to the dynamic of events in a crisis where most of the same forces and leaders are still at work.

The arguments have a special credibility because they come from an urbane, rarely ruffled career diplomat, Henry Wynants, the Dutch ambassador to France.

Plucked out of Paris one summer night in 1991, he spent a turbulent, dangerous year alongside Lord Carrington, the European Community's designated mediator, trying to settle the Serbian-Croatian fighting.

Availing himself of the Dutch tradition of free speech even among officials, Mr. Wynants uses his own negotiating experiences — punctuated by action on the ground, including rocket fire at planes and helicopters shuttling him between warring camps — to document the Serbian aggression and, more unusually, to draw up a damning exposé of Western failures that continue to haunt diplomacy.

The book expresses the personal views of Mr. Wynants, but the Dutch edition carries a laudatory preface by Hans van den Broek, foreign minister during the Dutch presidency of the Community in the second half of 1991.

Written in French and originally published this month by Denoel under the title "L'Engrenage" — freely translatable as "The Wringer" — the narrative recounts the brutal political and military maneuvers that he witnessed between Serbs and Croats. Along the way, Mr. Wynants makes deft points about the conflict that apply to the current crisis in Bosnia.

He draws attention to his own note in the book, writing: "I've tried to recount the facts as I saw them. Readers will draw their own conclusions." But the conclusions should be plain, Mr. Wynants said in an interview.

For example, Mr. Wynants, un-

like most of his fellow Europeans, leans toward the American wish to lift the arms embargo and enable Bosnian forces to resist the Serbian drive to destroy their state.

Challenging the view that arming the Bosnians would be immoral, he notes that a clause in the UN Charter enshrines every state's right to self-defense.

Beyond that, Mr. Wynants argues that the West, by standing aside, runs the risk of "creating a Muslim problem in Europe where there is none" — meaning that embittered Bosnian Muslims could eventually become a Trojan horse of Islamic radicalism in Europe.

Bosnia's Muslims, the biggest group in its multiethnic population — Slavic in origin like their neighbors — have never strongly felt part of the Islamic world.

But Mr. Wynants says the calous treatment at Western hands could persuade them that they have no option but to turn to hard-line Islamic states.

Lending weight to Mr. Wynants' judgments is the fact that they are based on actions and notes at the time, not on hindsight distorted by the current state of affairs.

In perhaps the book's most controversial conclusion, Mr. Wynants argues that peace plans, first by the European Community and then by the United Nations, have been flawed by Western governments' decision to deprive themselves in advance of any credible threat of force. As a result, he says, the plans had the perverse effect of pushing the Serbs to more conquest until they reach an outcome they like.

Now, Mr. Wynants suggests, the Vance-Owen peace plan will probably win acceptance because it gives Slobodan Milosevic, the president of Serbia, most of what he wants: above all, the elimination of any substantive Bosnian state.

Just as Mr. Milosevic dropped his surrogates in Croatia at the right time, Mr. Wynants writes, now he may accept a peace plan that provides for no refugee return, no Bosnian authority and leaves open the door for more expansion later.

Mr. Wynants found the United Nations bureaucracy to be consistently too cautious, "always finding a reason to do as little as possible."

But the European governments were largely responsible for this inaction, he says, because leaders refused to reach a common policy that would have given leverage to the mediators.



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Samuel Abt is a deputy editor of the International Herald Tribune and author of *Tour de France: Three Weeks to Glory*.

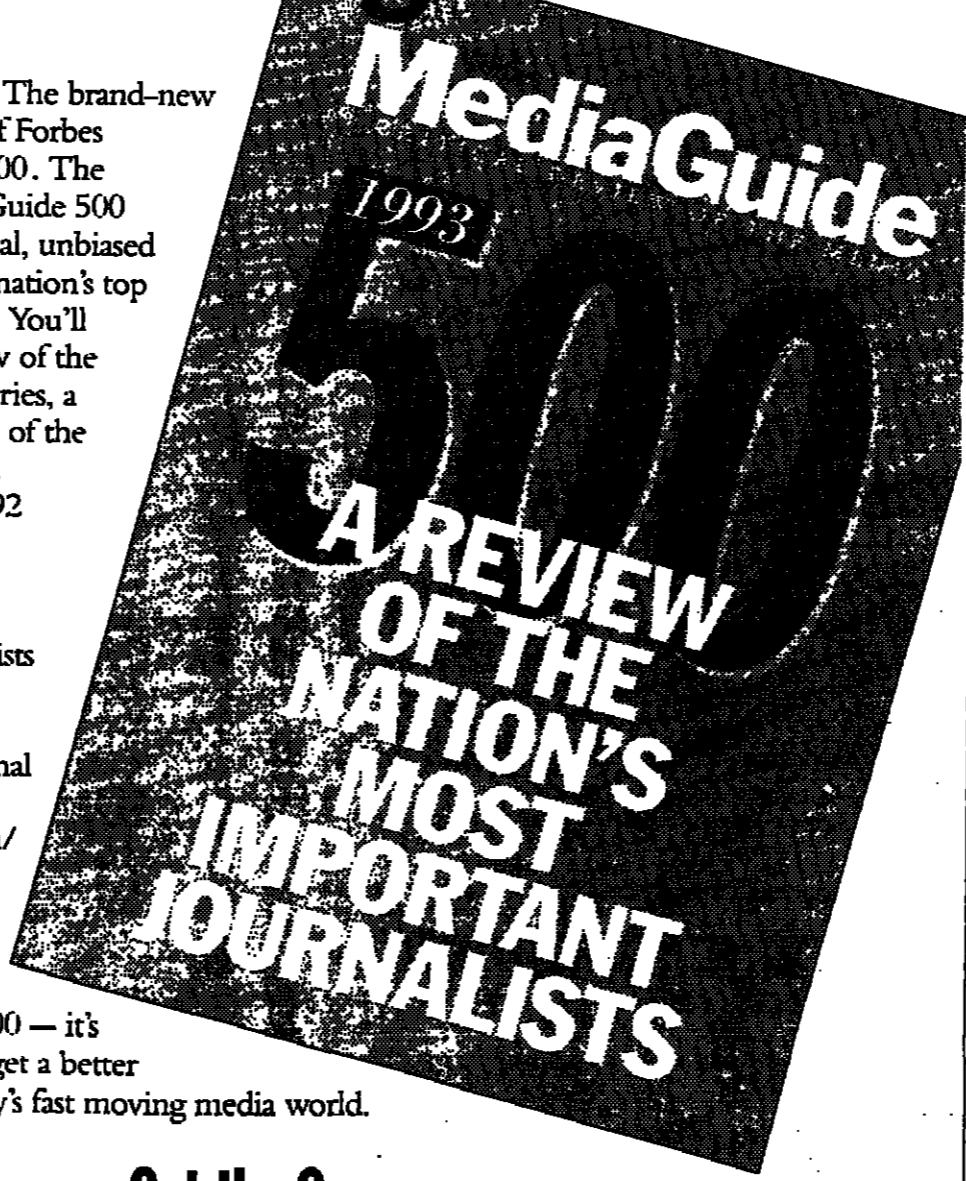
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# LOOT: Temples Raided

Continued from Page 1

sheltering in the Angkor temples. While trying to defend Siem Reap, the government army appears to have done little to protect Angkor from art thieves who, in the midst of political and military confusion in Cambodia, have become bolder. No longer content to steal from the temple sites alone, such thieves recently launched a series of armed raids on the Angkor conservation center in the town of Siem Reap, where thousands of centuries-old pieces have been placed for safekeeping.

In February, thieves machine-gunned their way through the conservation center's main gate, shot one of the guards in the abdomen, destroyed the storeroom door with a rocket-propelled grenade and took 11 of the most valuable objects in the room.

Unesco reacted by reinforcing the outer gates and the doors and windows of the storehouse. But in early April, a half-dozen thieves climbed over the outer wall, held the nine guards at gunpoint, and forced each of them to pick a statue and carry it out for them.

"The thieves told the guards that if they didn't pick the best pieces, they'd come back and kill them," Mr. Engelhardt said. "And before they let them go, they terrorized them by blindfolding them and putting guns to the backs of their heads."

Now the center's guards are armed. Skoun Mean, 33, said he prevented yet another robbery in mid-April by firing in the air when he saw thieves coming over the fence.

Like much of Siem Reap, the conservation center is without electricity for much of the night. Unesco is trying to help fend off further robberies by installing bright lights and a generator. It is also training about 450 local police on how to prevent such crimes.

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# Japanese Firms Brave A New Kind of World

**TOKYO** — Stiffer competition, political pressure, a higher yen: Whatever the reasons, some of Japan's biggest companies are being forced to take actions they have resisted to the death a few years ago.

• Japan Air Lines' plans include reducing its work force, deferring delivery of new aircraft, increasing emphasis on the home market and stepping up reliance on less expensive foreign goods and services.

• Despite being one of Japan's most international companies — it flies to 27 countries on five continents — JAL incurs about three-quarters of its costs in yen. As a result, its operating costs are at least one-third higher than those of American carriers and more than 50 percent above those of some other Asian airlines.

• The main part of its long-term corporate plan is to transfer all kinds of jobs and work overseas as much as possible, said Shinzo Sato, a managing director in charge of personnel. "We need to aim at higher productivity to conquer the disadvantages of the high yen," JAL plans to trim its staff by 20 percent, to fewer than 20,000, by 1997. Like other Japanese companies that have grown up under a system of lifetime employment, however, it plans to do so mainly through attrition, reduced hiring, buyout schemes and demotions.

• It aims to increase its share of the domestic market from 25 percent to 33 percent. And to circumvent its unions, it will shift more and more of its tourist-heavy international routes to a subsidiary carrier, Japan Air Charter, which relies almost exclusively on less expensive foreign personnel.

• Japan's No. 2 automaker, Nissan Motor Co., said last week it would buy parts made by a subsidiary of the industry leader Toyota Motor Corp., beginning in 1995. The plan is remarkable for breaking the industry's traditional *keiretsu* structure of corporate loyalties.

• For the first time, Japan's leading personal computer companies are having to fend off a fierce attack from smaller, more competitive American rivals. Companies including NEC Corp. and Fujitsu Ltd., which are famous for selling commodity products at cut-price prices to carve out shares of foreign markets, were forced to slash prices after the entry into Japan of cut-rate PCs from Compaq Computer Corp. and Dell Computer Corp. Fujitsu, which already sells PCs made by Acer Inc. of Taiwan under its own name in foreign markets, is considering doing the same in Japan.

# JAPAN: A Mature Economy Now Must Reinvent Itself

Continued from Page 1

than 10 percent against the dollar this year, has increased the pressure to make changes. But what is perhaps the toughest challenge for Japan results from the end of an era of rapid growth and the beginning of a period of slower growth in the 1990s. Ever since the early 1950s, when the Korean War stimulated the Japanese economy and America promoted Japan as a bulwark against communism, Japan's economic and business policy has been based on high growth rates.

Many features of Japanese corporate behavior, including the priority given to market share over profits and the system of lifetime employment, can be sustained only if business is in a period of long-term expansion. And already, Japanese companies are putting more emphasis on profits, even at the expense of market share, as in the U.S. auto market.

The booming 1980s blinded Japan to the reality that its economy had been slowing for years. Primed by access to the vast American

market and by cut-rate prices for Western — mostly American — technologies, the Japanese economy expanded at double-digit rates from the '50s to the mid-1970s.

But in the latter half of the '70s, it slowed to about 5 percent, then to an average of 4 percent in the 1980s. The surge in the late 1980s was an aberration fueled by cheap credit and an unprecedented boom in land and stock values. The price of the excess, shown by a growing number of bankruptcies and a weakened financial sector, will continue to be paid for several years, economists say.

When Japan faced other economic crises, such as the oil shocks of the 1970s and the *endaka* or high-yen shock that was hastened by the so-called Plaza accord of 1985 that affirmed a policy of making the dollar cheaper, there was always a way to respond that allowed it to preserve its traditional practices and its hard-to-penetrate domestic markets.

The oil shocks were overcome by higher manufacturing productivity and a surge in exports. When *endaka* reared, Japan leveraged its new wealth in real estate and stocks into an asset-buying spree at home and abroad.

But now there appears to be no way to escape, except by making big changes in the system. With Japan's trade surplus hitting a record of \$136.1 billion in the last fiscal year — and with some economists talking about a \$200 billion imbalance this year — it is clear that the export escape route is closed by political reality. At the same time, consumer spending remains lackluster, leaving only mas-

sive government spending to prod the economy along.

Even if Japan's economy begins a modest recovery this year, as many economists expect, companies are discovering that many of Japan's usual advantages have been eroded. Manufacturing, for example, the leading force in Japan's global expansion, is in trouble — not only because of the surge in the yen but also because rivals have become more competitive.

"It's no longer profitable to be a manufacturer in Japan," said Paul Summerfield, director of Asian research at Lehman Brothers in Tokyo.

Another advantage Japan has lost is its free ride in technology. For most of the postwar period, Japan paid little for technologies that were important to its industrial development. Most American companies simply underestimated Japan's potential, and the administration in Washington was more concerned with security than with economic issues. Both of these conditions ended with the Cold War.

Increasingly, Japan will have to pay more for intellectual property; it will also have to increase spending on basic research, which, unlike its investment in applied research, remains far below that of the United States and Europe.

"In the 1990s and 21st century, Japan will face a brand new world," said Nobuyuki Ueda, senior economist for the Long-Term Credit Bank of Japan. "The possibility that advanced technologies will not be available could be one of the most important negative factors for growth."

NEXT: Britain has pulled out of the longest and deepest recession experienced by any major European nation in decades. But can it overcome its dismal record of economic decline?

# Japan - Ready for Restructuring



Source: OECD

# CHINA: Economy Blooms

(Continued from page 1)

ment with two heavyweight economic players — China and Japan. In its new study, the International Monetary Fund does not measure China's economy in the traditional way, which translated the local-currency value of a country's output into dollars through current market exchange rates.

Instead, the monetary fund measures China's economy through a concept known as purchasing power parity, which compares currencies not according to their relative values on international exchanges but rather a certain bundle of goods — food, clothing and transportation costs — compared in price with a similar bundle in other countries. It uses that yardstick to compare the total value of goods and services in a country.

Under the monetary fund's new measurement, annual per-capita income in China is about \$1,600, compared with \$370 under previous estimates based on market exchange rates. That compares with per-capita income of \$2,200 in the United States, based on purchasing power parity measures.

The new measure is contained in a still-unpublished annex of the monetary fund's World Economic Outlook, an economic forecast that was released in April.

According to the IMF the new numbers show that China's economy accounts for 6 percent of worldwide output up from 3 percent in 1970.

Economists working for the United Nations have made an even higher estimate of China's total output, concluding that it was about \$2.7 trillion last year — even larger than the monetary fund estimates and even larger than Japan's economy.

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# New Look For Lyon Opera

## Rare Debussy And Other Risks

By David Stevens  
International Herald Tribune

**L**YON — With a distinct taste for risk, the Opéra de Lyon has launched itself into the future with a new, high-tech theater built within the walls of the old, and with a weekend flurry of boldly new productions — one of them no less than a world premiere of an opera by Claude Debussy previously known mainly to scholars.

There is, of course, good news and bad news. The best news about the new theater is the acoustics of its 1,300-seat auditorium, kind to voices, warm without being over-sonant, clean without being dry.

Second, the opening production, "Rodrigue et Chimène," a work Debussy abandoned in favor of "Pelléas et Mélisande," might have been a mere curiosity. Instead, it turned out to be a very substantial work by a young composer on the threshold of full maturity, one that should interest opera houses everywhere.

The opera *nouveau* is also called the Nouvel Opéra or the Opéra Nouvel — wordplay on the French for "new" and the identity of the well-known and controversial architect, Jean Nouvel, designer of the Institut du Monde Arabe in Paris, among other buildings. His radical proposal was not to renovate the 1831 theater standing between the splendid 17th-century city hall and the Rhône River, but to perform an all-organ transplant within the outer shell. That, plus unexpected difficulties, meant six years of study and building, and a final cost of 478 million francs (\$87 million at current rates), about triple the originally planned expense.

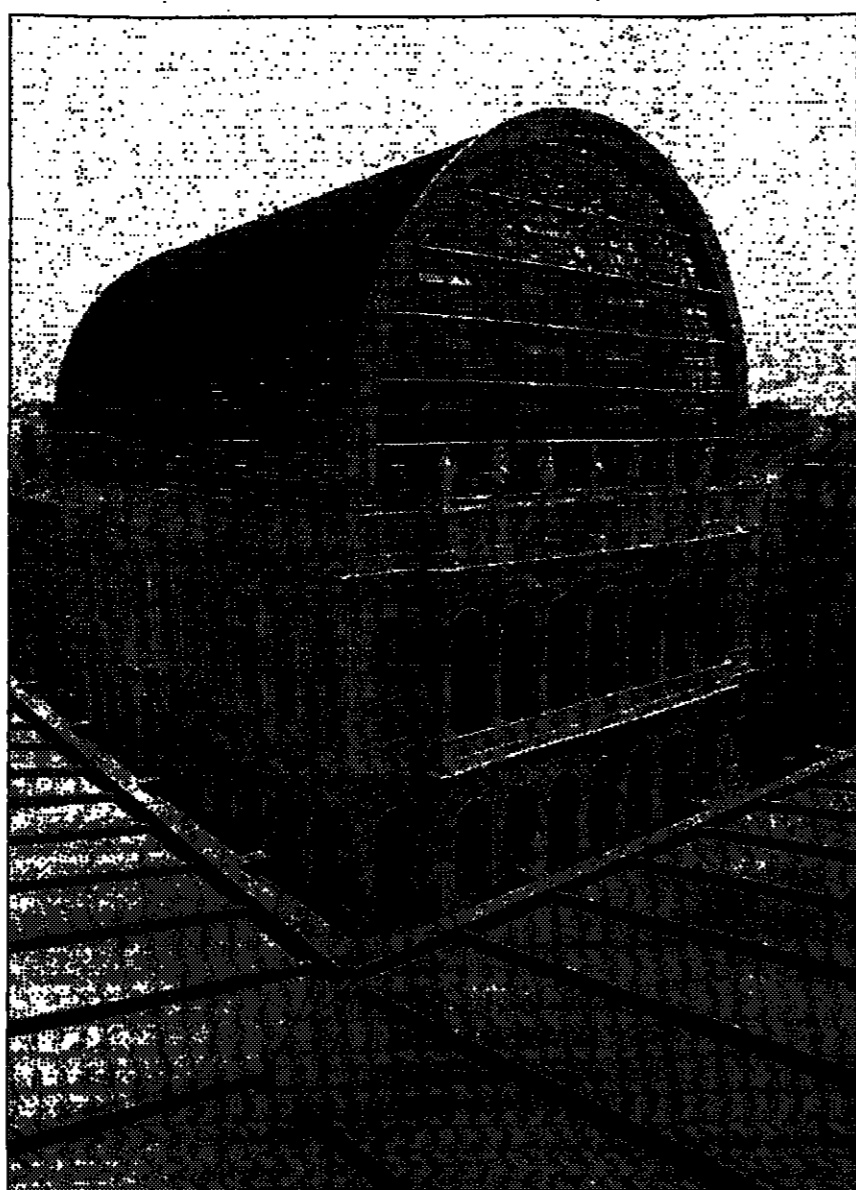
All that is left of the old theater (itself built on the site of an 18th-century theater by Soufflot) is the two-level, arched exterior, the flamboyant grand foyer on the orchestra level and the statues of eight Muses. Eighty-seven seats that the 1831 architect, Antoine Chénard, provided only eight pedestals for the Muses, so Urania, the Muse of Astronomy — of little relevance to a theater in any case — was left out.

Since Nouvel could not expand horizontally, he did it vertically, going six levels underground and doubling the above-ground height with a huge half-cylinder glass superstructure, looking something like a dirigible hangar. In the process he doubled the theater's useable surface and included a number of previously nonexistent features — rehearsal stage, scenery and orchestra pit elevators, a 200-seat auditorium, ballet and chorus studios among them.

What is likely to disconcert the public is that Nouvel shares Henry Ford's attitude toward color — you can have anything you want as long as you want black. The architect dresses in black, from hat to shoes, and except for the old foyer, the interior of the theater is black. The street-level entry area, with its shiny black surfaces, unconventional lighting and low ceiling, is downright claustrophobic, and rising to the "suspended" auditorium by a network of narrow escalators does not ease the impression.

This is less important in the auditorium, where the gray-blackness and decorative neutrality tend to focus attention on the stage. Its 1,300 seats are arranged on an orchestra level and six horseshoe-shaped balconies, two more levels than the old theater. The number of seats is about the same, but the sight lines are now superior in most of the side seats.

This juxtaposition of old and new was carried out in the three opening productions — a world premiere by Debussy, and radical re-



The new opera house in Lyon, designed by the architect Jean Nouvel.

readings of Offenbach's "Tales of Hoffmann" and Delibes's ballet "Coppélia."

Debussy tackled "Rodrigue et Chimène" about 1890, when he was not yet 30, under some parental pressure to set an unconventional libretto (the story is the same as Corneille's "Le Cid") by an important writer, Camille

himself to Offenbach's long-suffering "Les Contes d'Hoffmann," and although he based it musically on the new and thoroughly researched edition by Michael Kaye, he did such radical surgery that he agreed to Kaye's request to rename it "... Des Contes d'Hoffmann" — "Some Tales" instead of "The Tales."

Erio cut it to less than two hours running time, without intermission, and presented it as a sequence of events taking place in a madhouse, with the quadruple villain, marvelously sung by José Van Dam, as either the hospital director or an inmate pretending to be the director. It was hard to tell.

Except for some touches like a real-life mother for Antonia, it did not work very well, but some of the singing — by Daniel Galvez-Vallejo, Natalie Dessay and Barbara Hendricks, and Gabriel Bacquier's multiple characters — would have been welcome in the full opera, as would Nagano's fervent conducting.

The third premiere, also conducted by Nagano, was Maguy Marin's updating of "Coppélia," radically new without betraying the original — based on the same Hoffmann story as the Olympia sequence of Offenbach's opera. In this version the mechanical doll is supplanted by photographic images as the object of Franz's (and Coppélia's) infantile sex fantasies. The set and the films that supplement the decor put the action in a kind of working class apartment development. In an uproarious final scene, a chorus line of identically dressed Coppélias (both men and women under the peroxide wigs) romp through the gallop final.

Many theaters might envy Lyon its continuity and energy. Erio started here as a stage director under his uncle, whom he succeeded as director 24 years ago. (Let's hear it for nepotism.) With Jean-François Brossmer, the artistic director, who joined him in 1980, he has brought Lyon into the forefront of European opera and into the world of recording and video. With the new theater comes a growing budget and a commitment to more performances. A theater is a machine, and the people here seem to know how it works.

Louis Erio, the theater's director, assigned

# In 'Wolf,' Joe Orton Meets Disney

By Sheridan Morley  
International Herald Tribune

**L**ONDON — David Ashton's "The Chinese Wolf" is at our door, or to be more precise at the Bush. A mournful hunchback (Roan Vibert) has been left by his Italian Mama in charge of the family scrap yard in South London, soon to be visited by a lesbian mechanic called Ruby, her ex-lover who likes dressing as a nun, two hoodlums out to kill them and, best of all, Desmond Barrit looking like an overweight amalgam of Peter Lorre and Sidney Greenstreet and having a ball as the Mr. Big-to-Enormous who wants to turn the yard implausibly into a new Fun Center.

As this character's name is Billy Chordles, it is clear that Ashton's gift for subtle satire doesn't run that deep; but he has a nightmarish talent to abuse, and although this is a play that will go anywhere in search of a new idea or even a halfway decent scrap of dialogue, it suggests a dark, brooding talent somewhere between Joe Orton and Walt Disney, overlaid with a seriously weird kind of gothic high camp. "I've just killed my dad, Mother's gone to Brazil, and now trick soup," screams Max in disgust as his hands get covered in black paint.

"The Chinese Wolf" isn't about anything very much more than two hours, but along the way it does divert audiences steeped in the "Rocky Horror" school of Hollywood nostalgia

for actors who go bump in the night. "A hundred percent British fun," screams Mr. Big at the son mother has lovingly set up to be blow-torched by hoods in Disneyland masks. Thirty years ago, they would have needed Orson Welles for the film rights. Dominic Dromgoole directs the frantic stage traffic.

Like the Omar Khayyam from whom he stole his pen name ("And when like her, O Saki, you shall pass / Among the Guests star-scattered on the grass"), Hector Hugh Munro does not seem to be at the forefront of critical attention these days. Born in 1870 in Burma, a political

sketch writer for the Westminster Gazette who was killed in 1916 during World War I at the French front, he lives best in his tales of Clowis and the Unbearable Bassington as a sort of minor P.G. Wodehouse just ahead of his time.

Yet there is rather more to Saki than that, and at the New End in Hampstead which has recently performed a similarly useful exercise by unearthing J. R. Ackerley's gay center for opera. Spectacular new productions with international singers, directors and designers began to replace the older repertoire.

The most extraordinary of Zimmermann's plans, however, is the creation of a new form of artistic axis reaching from Paris to Warsaw with Leipzig as its hub, one that gives the French language in opera a prominence it has never had before in a German theater. A six-week opera festival opened earlier this month with an Istvan Szabo production of "Boris Godunov" — the first of six new productions during that

period, ranging from Johann Adam Hiller's *Singspiel*, "The Hunt," (1770) to Karlheinz Stockhausen's "Tuesday of Light" (1985).

May 8 and 9 saw the first steps toward a new cultural orientation in Leipzig with the upbeat to a five-year cycle of Jean-Philippe Rameau's operas in French, and a charming production of André Grétry's "Zémire et Azor" — which first reached Leipzig in 1784 — by the French director Bertrand Savat, using the young artists of the future opera school as the lollypop of the festival's formal opening ceremony.

The first opera in the Rameau cycle, "Hippolyte et Aricie" (1755), was designed and directed by Salzburg's Gottfried Pitz, best known for his work with the American director John Dew.

James Helme Sutcliffe is a Berlin-based critic and musician.

# Through Europe's Bleak Lens

By Joan Dupont  
International Herald Tribune

**C**ANNES, France — For a brief moment during the first days of this festival, it looked as though European films were having their

day. Ricky Tognazzi's "La Scorta," Mike Leigh's "Naked" and "L'Homme sur les Quai" by Raoul Peck, a Haitian director who has lived in Berlin, Paris and New York, belong to a tradition of grass-roots social realism, inspired by European masters. For Mike Leigh it's Jean Renoir, for Tognazzi, Sergio Leone, and Peck's teachers in Berlin were the Polish directors Krzysztof Kieslowski and Agnieszka Holland. Wim Wenders, whose road movies have taken him far abroad, has his own brand of imaginative reality, colored by U.S. thrillers signed Nicholas Ray and Sam Fuller.

The people in Leigh's "Naked" are not just naked, they're raw to the bone and bleeding. The movie starts with a rape in Manchester, and moves to London, where Johnny the rapist visits a house of women squatters. Johnny is the man a woman would hate to love — and yet that's what happens. Played by David Thewlis, he's a wise-cracking con-man, a self-made philosopher and theologian, who finally outsarts himself. The characters he meets, the women who snarl back at him, make up a very contemporary rogues' gallery. Leigh describes Johnny as a frustrated character who has notions about male roles: "He's a compilation of all sorts of dispossessed people, people who don't fulfill their real potential and their real talent."

Leigh has developed a repertoire of brilliant actors who include his wife, Alison Steadman; he has them improvise and then crafts a script. "Naked" disturbs and may well reel, but it leaves a sting.

Tognazzi's "La Scorta" takes a burning subject and makes it sympathetic: When a Falco-style judge is assassinated, along with his bodyguards, a second judge is parachuted to Tripani to replace him. Tognazzi has focused on the bodyguards, unsung heroes, who have their own relationship to Sicily and the recent tragedy. It's a movie brimming with laughing, crying heroes whose mothers pester them to finish their eggplant.

Gianni Amelio ("Stolen Children") plays the chief — his wife is in the kitchen dusting

hidden in the attic by their grandmother (Toto Bissainthe). Peck has deliberately paced his film slow, distancing the violence from the secret attic through the filter of a child's memory.

"I could have made a great thriller," he said, "but I didn't want the atrocity of the images to blot out the truth: I wanted to study human relationships and how they change under dictatorship, so you need to watch the details, and that takes time. I'm interested in the kind of choices people are confronted with, the way they react to things that happen — and that's universal. I could be talking about how people react on the New York subway when a woman is attacked."

Wenders' "Faraway, So Close!" is the sequel to his 1987 "Wings of Desire," set in unified Berlin, where even the angels are homeless tramps. Daniel (Bruno Ganz), the angel who has come down to Earth, runs a pizza parlor, but Cassiel (Otto Sander) has a rough time and ends up making a pact with the diabolical Tony Baker (Horst Buchholz). This metaphor-laden movie, weighing in at almost three hours, delivers a host of messages about the Nazi past, the future of our global village and the making and the breaking down of images.

Once again, Solveig Dommartin appears on her flying trapeze; Nastassia Kinski is Raphaela, Cassiel's guardian angel; Willem Dafoe plays Emil Fleiss; and Peter Falk plays himself, as do Lou Reed and Mikhail Gorbachev, in a cameo. The angels whisper, the others speak their thoughts aloud in German, French, English, Italian and Russian; there is an *über alles* sound track and an apocalyptic finish, with kidnappings and rescues.

## CANNES FESTIVAL

out the pasta. Released in Italy before the festival, the film with its grinding-brakes action and the Ennio Morricone score are keeping theater-goers on the edge of their seats. The director, son of the late actor Ugo Tognazzi, says he has built on a father-son theme: "It's a coming-of-age story about young men that audiences can identify with. In Italy, the reality is changing and our future rests on the commitment and involvement of the individual."

Peck has also made a film about his country's turmoil, based on the story of a Haitian woman he lived with, "L'Homme sur les Quai" (The Man on the Quai) is set during the rise of Papa Doc Duvalier. Eight-year-old Sarah (Jennifer Zubar) looks out the window one day and witnesses her godfather being tortured, her father humiliated. When her parents are exiled, Sarah and her sisters are

# 'Piano': Where Did Rumors Start?

By Vincent Canby  
New York Times Service

**C**ANNES, France — Long before anyone (including the jury) had a chance to see it, "The Piano," written and directed by Jane Campion, the New Zealand-born Australian filmmaker, was being called a shoe-in to win the Palme d'Or, the festival's top prize. Nobody seems to know where the rumors started.

Abel Ferrara, the American director whose "Body Snatchers" is also in competition, was so miffed that he said at a news conference that the festival had handed the prize to Campion when she stepped off the plane.

Feeding the general skepticism was the fact that the English-language Campion film, though shot in New Zealand, was largely financed by City 2000, a French production company with friends in high places. Whether artificially induced or not, the rumors resulted in a first press screening so crowded with what looked to be Cannes pensioners and other non-professionals that many members of the press couldn't find seats at the huge festival palace. The remarkable news: "The Piano" is even

better than everybody was saying it was. It is a triumph. It confirms the judgment of those of us who found Campion's first feature, "Sweetie," the most exciting film at the 1989 Cannes festival.

In fact "The Piano" is so good, so tough, so moving and, especially, so original that one might reasonably worry whether any festival jury would honor its splendid idiosyncrasies.

The film is a post-Franco period romance about a mute (but not deaf) young Scots widow (Holly Hunter) who travels to New South Wales in the 1850s to marry a pinched, unimaginative landowner (Sam Neill) she has never met. Only two things matter to the widow, her precocious young daughter (Anna Paquin) and her piano, through both of which she communicates to the outside world.

When her husband refuses to allow her to transport the piano to their farm, she makes a bargain with another settler (Harvey Keitel), a crude, illiterate fellow with a nose tattooed Maori-style. He says he'll bring the piano in from the coast if she will give him lessons on it, one lesson for each of the keys on the piano.

She haggles: one lesson for each black key. He agrees. In this fashion begins one of the most enchanting and erotic love stories to be seen on the screen in years.

There are no obvious precedents for Campion's cinema. Though the world she photographs is real, it looks unlike the rest of us inhabit. Everything is more finely detailed, more brightly lit, more fog shrouded, more highly colored. Even the grays, the beiges and the blacks have striking resonance. Characters don't analyze their feelings. They seldom even assess them. They simply believe. It's up to the audience to find out why they do what they do. Yet such audience involvement comes naturally.

By some manner I don't understand, Campion manages to get inside the heads of her characters in ways that other writers can only do with dialogue. The result is exhilarating.

The cast is superb. Hunter wears little make-up but she's almost unrecognizable as the woman who starred in "Broadcast News." Her face is a magical mask, sometimes utterly opaque, sometimes transparent. There's not a sentimental moment in the movie, but she is heartbreaking.

Neill is fine in a less complex role, while Keitel gives the performance of his career as a most unlikely romantic hero. If he doesn't win an award here, there is always the possibility of an Oscar. Miramax will be releasing "The Piano" in the United States later this year.



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Belgium 078-11-21-23	Newway 050-101-25	Sydney (02) 233-8422	Malaysia (800) 1006	Mexico 91-800-90007

# Leipzig Fêtes 300 Years of Opera

By James Helme Sutcliffe

**L**EIPZIG — Leipzig is celebrating 300 years of opera, which began here as it did in Venice and Hamburg, supported by flourishing commerce rather than aristocratic patronage.

Leipzig and music long ago became almost synonymous, as a major educational and publishing center with the firms Peters and Breitkopf (the latter invented movable music type), the home of the Gewandhaus Orchestra (which plays for the opera too), the birthplace of the German form of opera called *Singspiel* (1752), the birthplace of Richard Wagner and site of the music conservatory headed by Felix Mendelssohn.

Because the East German state at one stage after 1945 considered making Leipzig its capi-

tal, the largest, most expensive opera house — the third since 1693 — was built by East Germany and opened in 1960.

Unification in 1989 brought the composer Udo Zimmermann to the position of Leipzig's new opera intendant and he immediately began the process of restoring (some would say, "re-creating") the reputation of the city as a center for opera. Spectacular new productions with international singers, directors and designers began to replace the older repertoire.

The most extraordinary of Zimmermann's plans, however, is the creation of a new form of artistic axis reaching from Paris to Warsaw with Leipzig as its hub, one that gives the French language in opera a prominence it has never had before in a German theater. A six-week opera festival opened earlier this month with an Istvan Szabo production of "Boris Godunov" — the first of six new productions during that

period, ranging from Johann Adam Hiller's *Singspiel*, "The Hunt," (1770) to Karlheinz Stockhausen's "Tuesday of Light" (1985).

May 8 and 9 saw the first steps toward a new cultural orientation in Leipzig with the upbeat to a five-year cycle of Jean-Philippe Rameau's operas in French, and a charming production of André Grétry's "Zémire et Azor" — which first reached Leipzig in 1784 — by the French director Bertrand Savat, using the young artists of the future opera school as the lollypop of the festival's formal opening ceremony.

The first opera in the Rameau cycle, "Hippolyte et Aricie" (1755), was designed and directed by Salzburg's Gottfried Pitz, best known for his work with the American director John Dew.

James Helme Sutcliffe is a Berlin-based critic and musician.

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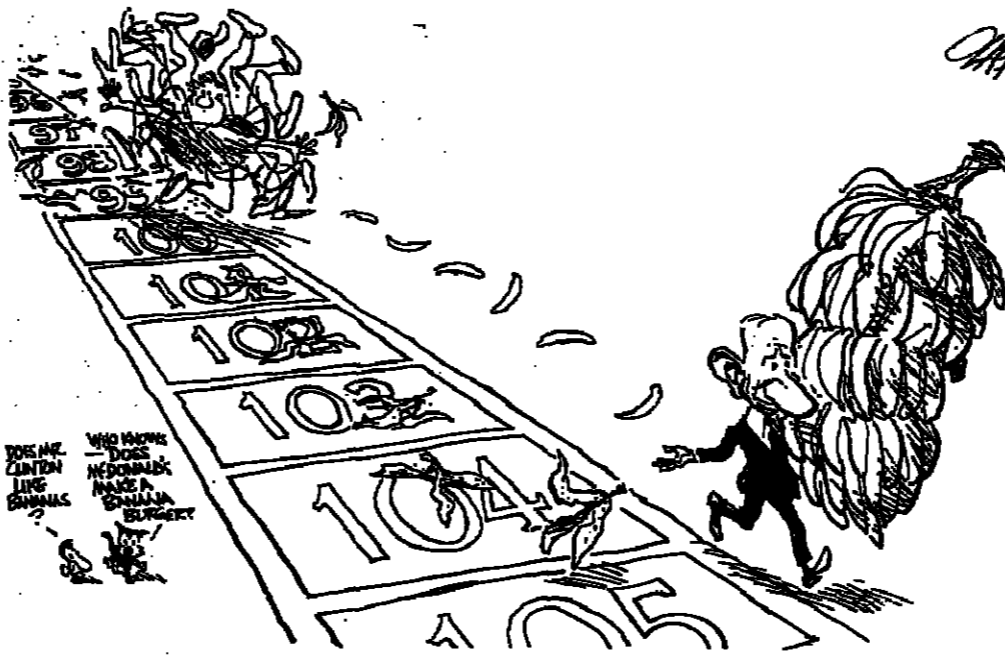
OPINION

Handwritten note: 1993.5.19

Candidate or Watchdog, Perot Still Holds Clout

By Richard Morin

WASHINGTON — Ah! It's fascinating how the ubiquitous Ross Perot continues to bedevil American politics generally and President Bill Clinton in particular...



Kilo for Kilo, Competence Is What Counts in the Air

By Anna Quindlen

NEW YORK — A long, long time ago, when the Hula-Hoop was young and suits still ruled the earth, the fantasy job for girls was stewardess. There were myths and legends about stewardesses...

LETTERS TO THE EDITOR

Postwar Wasteland

Regarding "Inside of Denny, Golden Boy of the '30s" (Opinion, April 7) by Edwin M. Yoder Jr.: Apparently I wasn't the only one affected by Calvin Tiffin's book...

with a weakened sense of identity that came from excessive social pressure. I remember the pioneer years of television, when I was a production assistant...

as a target. This addition to the litany of accusations, calumnies and provocations (including death threats) directed against Mr. Said...

What has struck me recently is that the more Perot withdraws from serious proposals — and he's been beating fast retreat — the more popular he becomes...

ers in Italy. Further, scooters buzzing through piazzas and up one-way streets are notorious for contributing to the distressingly high levels of noise pollution in Italian cities.

and Henry Kissinger, who oversaw one of the most barbarous and cowardly wars in history, or perhaps President Suharto of Indonesia...

The official United explanation for weight limits has to do with "professional appearance." In other words, svelte equals professional.

In Defense of Edward Said

Regarding "When Will Arabs Resist Against Cruelty at Home?" (Opinion, April 14): A. M. Rosenthal's indictment of Arab despots is not only unjust but also...

in that article as in others, Mr. Said has provided thorough analyses of and warnings against the many fundamentalisms, nationalisms, dogmatisms and other extremisms that bedevil contemporary cultures, societies and politics.

No Wonder He Left I was amused to see the photo on April 30 of the Italian environment minister-for-a-day, Francesco Rutelli, seated on a motor scooter...

More Names for the List Regarding "For the Victims and All of Us, Prosecute for War Crimes" (Opinion, April 19) by Aryeh Neier: It is true that the world's most wanted war criminals include present and former heads of state...

Offer to Defend Whom? I don't understand why homosexuals in the United States are so anxious to serve in the military. Why offer to defend a country that despises you and treats you like a leper?

How Not to Do It Given the way the U.S. government handled the standoff in Waco, let's hope it stays out of Bosnia.

GENERAL NEWS

Clinton's Policymakers Turn to Africa

By Steven A. Holmes

WASHINGTON — After fixing its foreign policy focus on Russia, the former Yugoslavia and Haiti, the Clinton administration is beginning to turn to Africa. With American civil-rights leaders and the Congressional Black Caucus lobbying for increased attention to the continent...

accept the results of the first round of voting and renewed his guerrilla operations. U.S. officials say the question of recognition is under intense review. One official, who asked not to be identified, said a decision could come "very soon."

"We have deferred with due respect to the fact that he has not been on the job too long," said Representative Kweisi Mfume, a Maryland Democrat and chairman of the Congressional Black Caucus. "But the problems are so urgent that we feel it is high time that the administration hears us."

The Commerzbank report on German business and finance

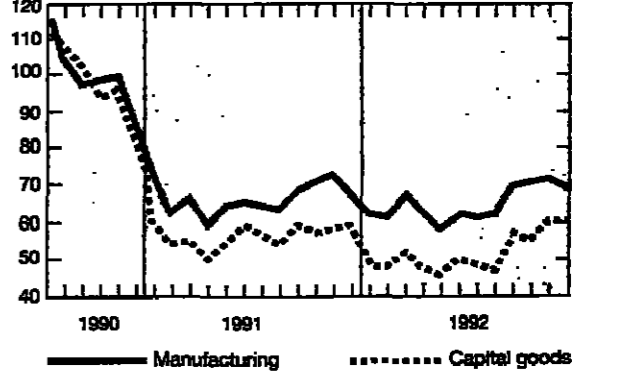
Ways of maintaining eastern Germany's industrial core

While growth in western Germany is unlikely to revive before the second half of 1993, the economic outlook in the eastern part of the country is improving, with construction and infrastructure projects leading the way. Eastern Germany's main adjustment problems now seem to be in manufacturing, which remained flat last year despite an increase in real GDP.

"Deregulation would set in motion the huge backlog of investment projects."

Any industrial policy for eastern Germany must strengthen market structures and promote modernization. Sectors should not be kept alive artificially which are considered to be in structural decline in the western part of the country.

Industrial output in eastern Germany adjusted for working-day discrepancies, second half of 1990 = 100



Intervention by the state? Eastern German firms were dealt a severe blow by the collapse of their markets in Eastern Europe and the CIS. Such a sharp decline in demand could not be quickly offset by access to new markets in western Germany or elsewhere.

agency would assume no further financial responsibility, but it would appoint supervisory boards to monitor the management of "quasi-privatized" firms. Another model is the "Management-KG", or limited commercial partnership, which would be a kind of holding company for restructuring purposes.

ANC Eases on Regional Autonomy

By Steven A. Holmes

JOHANNESBURG — The ANC announced a possible breakthrough Tuesday in South Africa's democracy talks, while the police imposed heavy security around Johannesburg to prevent a march by students.

He said it was a breakthrough that will give "a great deal of comfort" to those who "believe in the concept." The ANC, by far the biggest black nationalist group in South Africa, had previously insisted on a strong unitary state.

Australian Jury Acquits Suspect in War Crimes ADELAIDE, Australia — Australia's first war-crimes trial ended Tuesday in acquittal for Ukrainian-born Ivan Pojuchovych, who was charged with mass murder in connection with crimes committed in World War II.

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AMEX

Tuesday's Closing Tables include the national price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: 12 Month High Low Stock, Div, Yld PE, 52 High Low Last Change. Lists various stocks like AMEX, AMEX, AMEX, etc.

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THE FIRST IHT / IFI CONFERENCE ON GLOBAL FUND MANAGEMENT. WHICH WAY ARE THE MARKETS MOVING? THE EXPERTS FROM AROUND THE WORLD DEBATE THE TRENDS ON JUNE 9 & 10, 1993 AT HYATT CARLTON TOWER, LONDON.

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# NASDAQ

**Tuesday's Prices**  
 NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	12 Month Low	Stock	Div	Yld	PE	High	Low	Latest	Chg
100.00	80.00	Alcoa	0.00	0.00	15.00	100.00	80.00	95.00	+15.00
120.00	100.00	Amgen	0.00	0.00	20.00	120.00	100.00	115.00	+15.00
150.00	130.00	Boeing	0.00	0.00	18.00	150.00	130.00	145.00	+15.00
200.00	180.00	Genentech	0.00	0.00	25.00	200.00	180.00	195.00	+15.00
300.00	280.00	Intel	0.00	0.00	30.00	300.00	280.00	295.00	+15.00
400.00	380.00	Microsoft	0.00	0.00	35.00	400.00	380.00	395.00	+15.00
500.00	480.00	Northern	0.00	0.00	40.00	500.00	480.00	495.00	+15.00
600.00	580.00	Oracle	0.00	0.00	45.00	600.00	580.00	595.00	+15.00
700.00	680.00	Sun	0.00	0.00	50.00	700.00	680.00	695.00	+15.00
800.00	780.00	Verizon	0.00	0.00	55.00	800.00	780.00	795.00	+15.00
900.00	880.00	WorldCom	0.00	0.00	60.00	900.00	880.00	895.00	+15.00

12 Month High	12 Month Low	Stock	Div	Yld	PE	High	Low	Latest	Chg
10.00	8.00	Amgen	0.00	0.00	20.00	10.00	8.00	9.50	+0.50
15.00	12.00	Boeing	0.00	0.00	18.00	15.00	12.00	14.50	+2.50
20.00	18.00	Genentech	0.00	0.00	25.00	20.00	18.00	19.50	+1.50
30.00	28.00	Intel	0.00	0.00	30.00	30.00	28.00	29.50	+1.50
40.00	38.00	Microsoft	0.00	0.00	35.00	40.00	38.00	39.50	+1.50
50.00	48.00	Northern	0.00	0.00	40.00	50.00	48.00	49.50	+1.50
60.00	58.00	Oracle	0.00	0.00	45.00	60.00	58.00	59.50	+1.50
70.00	68.00	Sun	0.00	0.00	50.00	70.00	68.00	69.50	+1.50
80.00	78.00	Verizon	0.00	0.00	55.00	80.00	78.00	79.50	+1.50
90.00	88.00	WorldCom	0.00	0.00	60.00	90.00	88.00	89.50	+1.50

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120.00	100.00	Amgen	0.00	0.00	20.00	120.00	100.00	115.00	+15.00
150.00	130.00	Boeing	0.00	0.00	18.00	150.00	130.00	145.00	+15.00
200.00	180.00	Genentech	0.00	0.00	25.00	200.00	180.00	195.00	+15.00
300.00	280.00	Intel	0.00	0.00	30.00	300.00	280.00	295.00	+15.00
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600.00	580.00	Oracle	0.00	0.00	45.00	600.00	580.00	595.00	+15.00
700.00	680.00	Sun	0.00	0.00	50.00	700.00	680.00	695.00	+15.00
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80.00	78.00	Verizon	0.00	0.00	55.00	80.00	78.00	79.50	+1.50
90.00	88.00	WorldCom	0.00	0.00	60.00	90.00	88.00	89.50	+1.50

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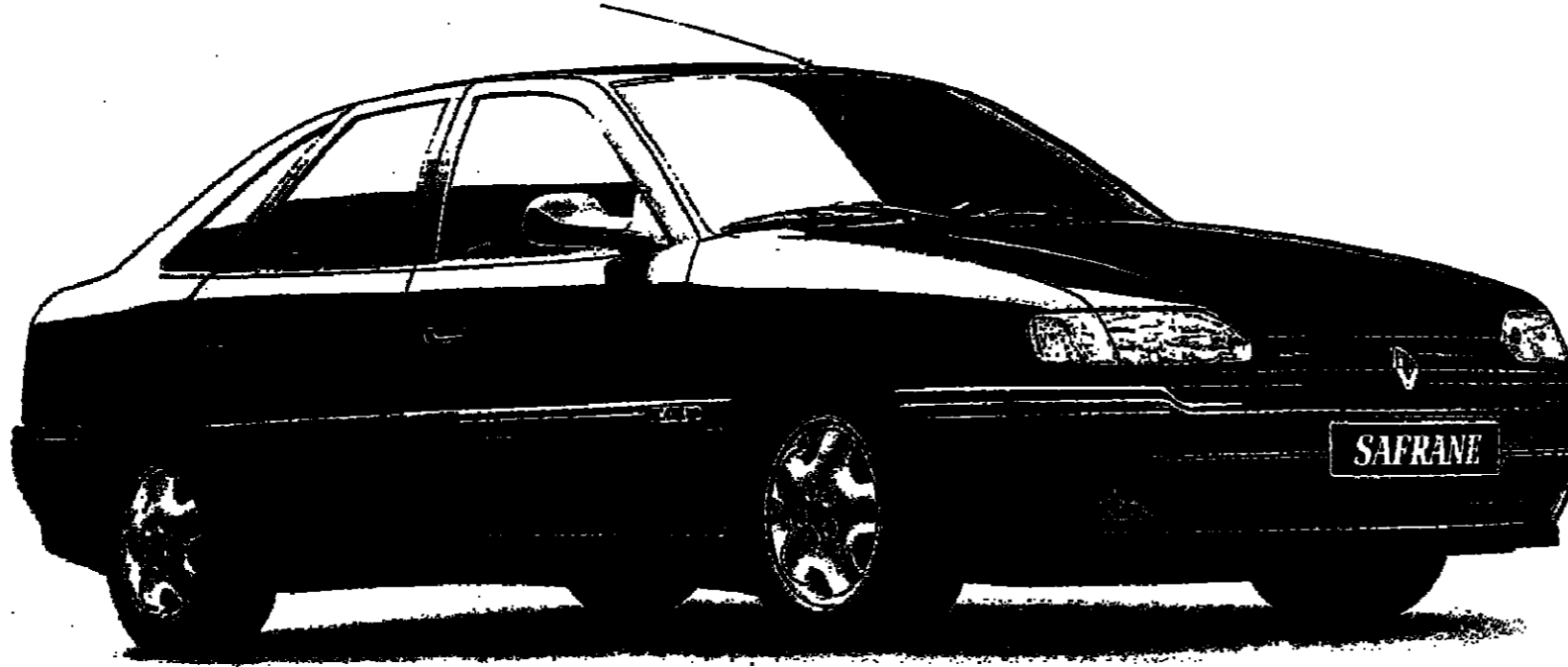
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# NYSE

**Tuesday's Closing**  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

13 Month	High	Low	Close	Div	Yield	PS	High	Low	Close	Open
<b>NYSE</b>	2,212.75	2,187.75	2,200.25	1.00	4.50	15.5	2,187.75	2,212.75	2,200.25	2,210.00
IBM	89.00	87.50	88.00	1.20	5.50	12.0	87.50	89.00	88.00	89.00
MSFT	25.00	24.00	24.75	0.50	8.00	10.0	24.00	25.00	24.75	25.00
GOOGL	21.00	20.00	20.50	0.10	4.76	11.0	20.00	21.00	20.50	21.00
DIS	26.00	25.50	25.75	0.50	7.69	11.0	25.50	26.00	25.75	26.00

Symbol	Price	Change
NYSE	2,200.25	+12.50
DOW JONES	8,150.00	+50.00
S&P 500	1,150.00	+10.00
IBM	88.00	-0.50
MSFT	24.75	+0.25
GOOGL	20.50	-0.20
DIS	25.75	+0.25
AMZN	45.00	+1.00
ORCL	35.00	+0.50
INTL	50.00	+0.50
WAL	40.00	+0.50
EA	25.00	+0.50
GM	15.00	+0.25
F	12.00	+0.25
MS	30.00	+0.50
TRV	20.00	+0.50
C	5.00	+0.10
J	6.00	+0.10
K	7.00	+0.10
L	8.00	+0.10
M	9.00	+0.10
N	10.00	+0.10
O	11.00	+0.10
P	12.00	+0.10
Q	13.00	+0.10
R	14.00	+0.10
S	15.00	+0.10
T	16.00	+0.10
U	17.00	+0.10
V	18.00	+0.10
W	19.00	+0.10
X	20.00	+0.10
Y	21.00	+0.10
Z	22.00	+0.10

Symbol	Price	Change
INTL	50.00	+0.50
WAL	40.00	+0.50
EA	25.00	+0.50
GM	15.00	+0.25
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TRV	20.00	+0.50
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J	6.00	+0.10
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M	9.00	+0.10
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Y	21.00	+0.10
Z	22.00	+0.10

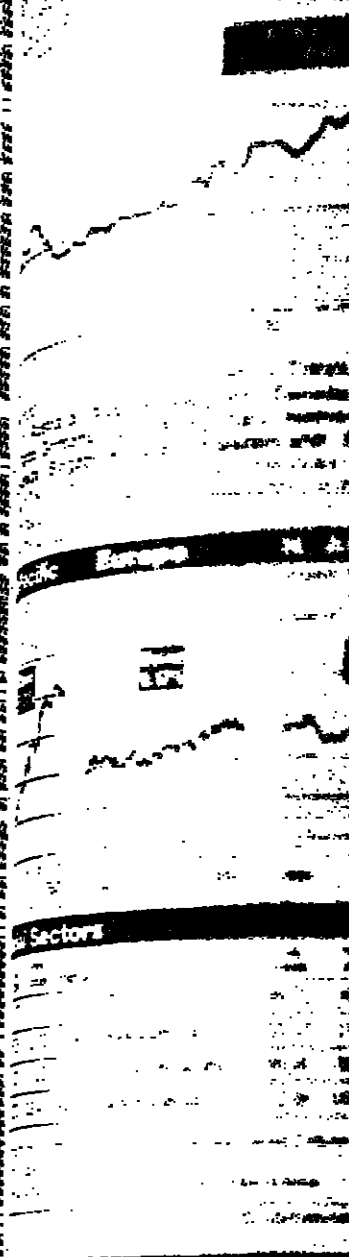
Symbol	Price	Change
INTL	50.00	+0.50
WAL	40.00	+0.50
EA	25.00	+0.50
GM	15.00	+0.25
F	12.00	+0.25
MS	30.00	+0.50
TRV	20.00	+0.50
C	5.00	+0.10
J	6.00	+0.10
K	7.00	+0.10
L	8.00	+0.10
M	9.00	+0.10
N	10.00	+0.10
O	11.00	+0.10
P	12.00	+0.10
Q	13.00	+0.10
R	14.00	+0.10
S	15.00	+0.10
T	16.00	+0.10
U	17.00	+0.10
V	18.00	+0.10
W	19.00	+0.10
X	20.00	+0.10
Y	21.00	+0.10
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N	10.00	+0.10
O	11.00	+0.10
P	12.00	+0.10
Q	13.00	+0.10
R	14.00	+0.10
S	15.00	+0.10
T	16.00	+0.10
U	17.00	+0.10
V	18.00	+0.10
W	19.00	+0.10
X	20.00	+0.10
Y	21.00	+0.10
Z	22.00	+0.10

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TRIB INDEX 99



**MARKETS**  
one-Cable Alliance  
Fast Run in Britain

Britain has a record in the... Cable... fast run... The market is... [Detailed financial news text, partially illegible due to image quality]

**CURRENCY**

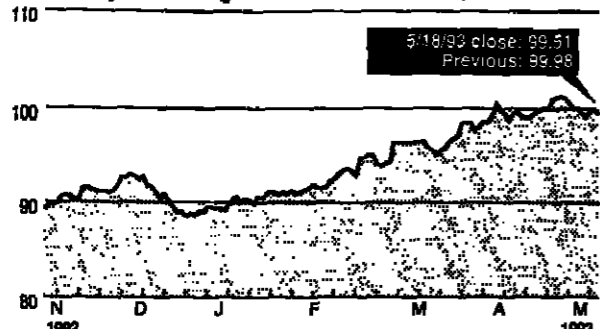
Currency	Rate
Dollar	1.45
Yen	110.00
Mark	1.80
Franc	166.00
Pound	1.50
Schilling	13.76
Swiss	1.45
Soviet	166.54
West German	1.80
Swedish	10.46
Italian	1.36
Japanese	110.00
Spanish	166.54
Portuguese	200.48
Belgian	36.36
Dutch	2.20
Austrian	13.76
French	166.54
German	1.80
British	1.50
Other	1.36

(Continued on page 13)



## THE TRIB INDEX: 99.51

International Herald Tribune World Stock Index of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Asia/Pacific		Europe		N. America			
Approx. weighting: 25%		Approx. weighting: 40%		Approx. weighting: 35%			
Close:	109.07 Prev.: 110.52	Close:	97.20 Prev.: 97.47	Close:	83.75 Prev.: 93.06		
<b>Industrial Sectors</b>							
Time	Price	%	Time	Price	%		
Energy	101.07	101.23	-0.25	Capital Goods	98.71	98.35	-0.34
Utilities	108.22	108.70	-0.43	Raw Materials	100.47	101.14	-0.66
Finance	100.59	101.23	-0.63	Consumer Goods	88.58	88.16	-0.67
Services	109.73	109.40	+0.30	Miscellaneous	102.59	103.59	-0.97

## MEDIA MARKETS

### Telephone-Cable Alliances Get a Test Run in Britain

By Richard W. Stevenson  
New York Times Service

**L**ONDON — In towns across England, US West and other American telephone companies have been getting a sneak preview for the past several years of their industry's rapid convergence with the entertainment business — and they very much like what they see.

Just how much was clear in US West's decision, confirmed by the company in New York this week, to invest \$2.5 billion in Time Warner's cable and film operations, including the Warner Brothers movie studio, HBO and cable franchises.

The deal brings together for the first time on a large scale in the United States two industries that have been feuding each other out in what amounts to a huge test market here in Britain.

"The decision to do the Time Warner deal had as a fundamental basis an understanding of these converging businesses," said Dick Callahan, the president of US West International, which offers both phone and cable television service in Britain.

"It would have been very difficult to make the kind of deal we made — and certainly the size of deal we made — without the base of history and experience we have gained in the U.K."

Although it is gradually breaking down the barriers between the industries in the United States, the Federal Communications Commission continues to limit the intermingling of telephone and cable services by barring local and regional phone companies from providing cable in their telephone service areas. Britain, by contrast, has no such restrictions.

Indeed, Britain has sought to promote competition in telecommunications by encouraging the development of joint cable-telephone operations. In doing so, it has created a rapidly growing industry dominated by telephone companies from the United States and, to a lesser extent, their counterparts in the cable industry, while also giving consumers more choice.

The companies said they were pleased not just with the rapid growth of the cable industry in Britain, but with the willingness of cable customers to sign up for telephone service from them as well. In addition to what they view as a rosy outlook for long-term profitability, they said that they were learning lessons that would be valuable to them as the telephone and entertainment industries became more entwined in the United States.

The three largest cable companies in Britain are Nynex, the parent of New York Telephone; US West, which operates in Britain in a 50-50 partnership with Tele-Communications Inc., the largest

See CABLE, Page 17

## Xerox Puts a Computer in a Screen

By John Markoff  
New York Times Service

**SAN FRANCISCO** — Xerox Corp. says it has reached a breakthrough in video screens that could combine a computer and television in a flat panel no thicker than a pad of paper. Xerox, which plans to demonstrate this technology in Seattle on Wednesday, said it could embed the computer chips and circuitry in the flat-panel screens.

While flat displays have begun to make their way into notebook computers and are envisioned as wall-sized screens for viewing high-definition television, putting computing capabilities directly into the screens could allow for powerful scanning and imaging devices for military, scientific and medical uses.

The new Xerox displays, measuring 13 inches (33.2 centimeters) diagonally, use 6.3 million pixels — the tiny points of light by which

images are drawn on computer and television screens. The best current laptop computers have screens with fewer than 1 million pixels.

Xerox, in league with American Telephone & Telegraph Co. and Sundish Industries, a flat-panel maker, is seeking U.S. government financing for a consortium to create products that could not only help American manufacturers reclaim the flat-panel market from Japanese companies but also help retain America's edge in chipmaking.

The Xerox-AT&T effort suffered an apparent setback this month when OIS Optical Imaging Systems Inc., a small company in Troy, Michigan, said it had been awarded a \$50 million contract by the Defense Department to make advanced flat-panel displays. But the department has not announced it would finance OIS, and industry sources said it was still considering the Xerox-AT&T plan.

Xerox is making sample batches of the screens on a pilot assembly line at its Palo Alto Research Center, but executives said it would require an investment of as much as \$300 million to build a full-scale factory line.

Today, Japan dominates the estimated \$4.6 billion market for flat-panel displays, which is expected to exceed \$11 billion by 1998, according to Stanford Resources, a research firm in San Jose, California. Yet American industry officials say that despite Japan's lead, the United States still has a technological edge.

The new Xerox display is currently made from amorphous silicon, but researchers said future versions would be based on a related material called polysilicon. Both materials are deposited on glass, allowing circuits to be fabricated in much the same fashion as today's semiconductor chips are made.

## Bundesbank Decries German Deficits

By Brandon Mitchener  
International Herald Tribune

**FRANKFURT** — The Bundesbank rubbed salt in the German government's wounds Tuesday, calling fresh attention to the country's twin budget and trade deficits even as it considers another small cut in interest rates.

However, the chances that the Bundesbank will cut its key discount and Lombard lending rates by a quarter of a percentage point each on Wednesday were considered good despite continuing worries about government spending and inflation.

"The Bundesbank cannot use the public-deficits disaster as an argument against further interest-rate cuts," said Gerhard Grebe, an economist at Bank Julius Bär in Frankfurt. Expectations of a widening public-sector deficit is a direct result of the restrictive monetary policy of the last several years," he said.

The Bundesbank last cut German interest rates on April 22, when it shaved the discount rate, the floor for short-term credit, to 7.25 percent and the Lombard, a ceiling rate, to 8.5 percent. The combined cut, which was larger

and came sooner than expected at the time, raised hopes that the Bundesbank had shifted into high gear.

Helmut Schlesinger, the Bundesbank president, appeared to contradict that belief when he said in an interview on April 26 that the German central bank's job was to "find out how far we can go in the process of cutting rates" without damaging its credibility with international financial markets.

But economic data that might help the Bundesbank justify another cut in interest rates now are inconclusive, economists say.

In its May monthly report, to be made public Wednesday, the Bundesbank redirected attention to the federal government's runaway spending, which has frequently been blamed for exacerbating the central bank's task of stabilizing inflation.

"Various special funds and shadow budgets," including the Treuhandanstalt privatization agency and government lending institutions, "burden the credit markets much more than the main budget," making it increasingly difficult to get an overview of public-sector finances, the report complained.

The rights issue entitles current shareholders to buy one new share at 245 pence for each four shares they own.

"Because BA is highly profitable throughout its route network that gives them the extra strength of being able to raise capital more easily," said James Halstead, an analyst with Swiss Bank Corp. in London.

## BA's Earnings And Stock Issue Well-Received

By Erik Ipsen  
International Herald Tribune

**LONDON** — British Airways looks like it will hold on to its title as the biggest-earning airline in the world. On Tuesday it announced pretax profit of £185 million (\$263.7 million) for 1992, a profit that contrasted sharply with recent figures showing that the industry as a whole lost \$5 billion on its international routes last year.

"I think we compare very favorably with our competitors," said BA's chairman, Sir Colin Marshall. In Europe those comparisons are particularly painful for the others, a fact brought home by the equanimity with which the market accepted BA's announcement Tuesday that it would raise £442 million through a rights issue. The stock closed unchanged at 297 pence a share.

The rights issue entitles current shareholders to buy one new share at 245 pence for each four shares they own.

"Because BA is highly profitable throughout its route network that gives them the extra strength of being able to raise capital more easily," said James Halstead, an analyst with Swiss Bank Corp. in London.

What is not supposed to happen, however, is that news of a prospective rights issue leaks out days ahead of the official announcement, as happened with BA. Sir Colin said that his board had requested an investigation to find the source of the leak. The London Stock Exchange is also looking into it.

Even without the leak, BA's need of new funds would have come as little surprise. Having spent a total of £574 million buying large minority stakes in USAir and Qantas Airways, plus a stake in France's TAT European Airlines, BA needed a large cash infusion to bring down its debt burden. When it is completed next month the rights issue of new stock will reduce the airline's debt-to-equity ratio from 1.6 to 1 to an even 1 to 1.

BA's aggressive cobbling together of what it calls its "global alliance" also increasingly separates it from its European peers. Analysts said that on the Continent, only Lufthansa and Air France ranked as big enough to even contemplate such a strategy, but they stressed that both of them were in such bad shape now that they could not afford it.

Experts say that stronger competition for BA looms in the proposed alliance of KLM, Swissair, Scandinavian Airlines System and Austri-

See BA, Page 17

## German Union Leader Under Pressure to Quit

International Herald Tribune

**FRANKFURT** — Franz Steinkühler, the head of Germany's largest labor union, on Tuesday came one step closer to joblessness as politicians and unionists demanded his resignation over accusations of insider trading.

Otto Lambdorff, chairman of the Free Democrats, junior partners in Chancellor Helmut Kohl's coalition, called on Mr. Steinkühler to relinquish his supervisory board seats at Daimler-Benz AG and Volkswagen AG. Mr. Lambdorff cited revelations that Mr. Steinkühler speculated heavily in the stock of Mercedes Holding just days before Daimler-Benz announced a share swap that sent Mercedes Holding shares sharply higher.

Mr. Steinkühler made 106,000 Deutsche marks (\$65,700) on the transaction, more than the annual earnings of many of the union members he represents.

The Hesse state district of IG Metall, a journalists' union, said Mr. Steinkühler had lost the confidence of workers and demanded he step down as chairman of the IG Metall union, Reuters reported.

The chief labor representative at Daimler-Benz, on whose supervisory board Mr. Steinkühler sits, said blue-collar workers were "shocked," adding, "You don't expect this from a labor leader."

Meanwhile, the strike among engineering workers in Eastern Germany that Mr. Steinkühler led seemed to be drawing to a close. IG Metall said Tuesday its members in Saxony voted to accept a pilot accord reached last Friday. Union members in Saxony-Anhalt, Thuringia and Mecklenburg-Vorpommern were voting on agreements modeled on the Saxony deal, and negotiators in a fifth East German state, Brandenburg, agreed to submit a similar deal to their rank and file.

## Yen Inflates Japanese Trade Surplus

Reuters

**TOKYO** — The yen's sharp appreciation against the dollar was the main factor behind the rise in Japan's trade surplus to \$10.25 billion in April that was reported Tuesday, analysts and officials said.

The surplus, which compared with \$7.11 billion a year earlier, has increased year-on-year for 28 consecutive months now.

But April's trade gap narrowed from March's record \$13.78 billion surplus.

"The rise in Japan's surplus was mainly due to the yen's appreciation," said Nobuyuki Saji, senior economist at the Nikko Research Center.

"The economic slump continued to be a factor limiting imports," he added. "But in the longer term, the effect of the yen's rise and Japan's

economic stimulative efforts will help increase demand and narrow Japan's trade surplus."

Although the belief that Group of Seven nations — the United States, Germany, Japan, Britain, France, Canada and Italy — favors a stronger yen to help correct trade imbalances was the main factor lifting the currency, the yen's recent strength has had no immediate success in curbing Japan's huge surplus, economists said.

A high yen raises the value of Japan's exports when translated into dollars. Over time, however, a strong yen should discourage exports and encourage imports.

A Bank of Japan report showed that the average dollar/yen closing rate in Tokyo was

112.57 yen in April, about 16 percent lower than in April 1992 when it was 133.59 yen.

Japan's customs-cleared exports in April were worth \$30.68 billion, up 12.8 percent from a year earlier. The quantity of some export items, such as vehicles and electrical machinery, declined but the yen's strength helped raise their dollar value.

Imports grew only a marginal 1.7 percent in dollar terms, to \$20.43 billion in April.

The trade surplus with the United States grew to \$4.03 billion, from \$3.29 billion in April 1992. The surplus with the European Community fell slightly in April to \$2.62 billion, from \$2.8 billion a year earlier.

With Asia, however, Japan's surplus rose sharply, to \$4.71 billion from \$2.64 billion.

## Saarstahl Crumbles Under Weight of Crisis

Compiled by Our Staff From Dispatches

**BONN** — Saarlouis AG filed an insolvency petition with a court on Tuesday, becoming the second German steelmaker to collapse under the weight of the industry's worst crisis in decades.

Oskar Lafontaine, premier of the Saar state that holds a stake in Saarlouis's parent company, said at a news conference in Saarbrücken that the steel company was losing 30 million Deutsche marks (\$18.5 million) a month.

Saarlouis has made an insolvency filing with the district court at Wörth, Lingier and will operate under a court-appointed administrator starting Wednesday, he said. The Saarland state will guarantee wages and pension payments until the insolvency had been settled, he said.

"When it became clear that the French majority shareholders refused to inject more capital into the company, an insolvency filing was the only choice," Mr. Lafontaine said.

Saarlouis is owned by DMS Dilling

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conservative banking philosophy. Those are the very qualities that have made Republic National Bank one of the safest institutions in the world. Our asset quality and capital ratios are among the strongest in the industry. And our dedication to protecting depositors' funds is unmatched anywhere.

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## CURRENCY & INTEREST RATES

Cross Rates					May 18	
	6	D.A.L.	P.F.	S.W.	S.P.	S.A.
Australia	1.02	1.28	1.12	1.05	1.12	1.07
Brussels	36.2	28.8	20.5	22.0	22.5	19.0
Frankfurt	1.60	2.4	—	—	—	—
London (C)	1.53	—	2.67	1.34	1.28	1.22
Madrid	167.1	189.2	167.6	167.6	167.6	167.6
Milan	162.2	224.8	167.8	167.8	167.8	167.8
New York (C)	—	—	—	—	—	—
Paris	3.66	1.64	3.27	—	—	—
Tokyo	111.8	178.9	—	—	—	—
Zurich	1.28	1.63	1.38	—	—	—
1 BCU	1.38	1.67	1.50	—	—	—
1 SDR	1.40	1.70	1.52	—	—	—

Closest in Amsterdam, London, New York and Zurich. Rates in other centers. Terms of sale. To buy one ounce; to buy one dollar; to buy one unit; N.A.: not available; M.A.: not available.

Eurocurrency Deposits				May 18	
	Dollar	D-Mark	Franc	Yen	BCU
1 month	3-3/4	7-7/8	3-3/4	4-9/8	8-9/8
3 month	3-3/4	7-3/4	3-3/4	4-9/8	8-9/8
6 month	3-3/4	7-1/4	3-3/4	4-9/8	8-9/8
1 year	3-3/4	6-3/4	3-3/4	4-9/8	8-9/8

Source: Reuters, Reuters, Reuters. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

United States	Class	Prev.	Current
Discount rate	3.00	3.00	3.00
Federal funds	6.00	6.00	6.00
Reserve ratio	12%	12%	12%
Consumer price index	1.317	1.311	1.311
Consumer paper 90 days	2.38	2.39	2.39
3-month Treasury bill	2.38	2.39	2.39
1-year Treasury bill	4.33	4.31	4.31
3-year Treasury note	5.25	5.23	5.23
5-year Treasury note	6.12	6.10	6.10
10-year Treasury note	7.12	7.10	7.10
15-year Treasury bond	7.88	7.86	7.86
Merrill Lynch 30 day Treasury note	2.67	2.67	2.67

Source: Reuters, Reuters, Reuters

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MARKET DIARY

Stocks Off, Gold Up On Inflation Fears

NEW YORK — Gold soared Tuesday to its highest level in two years as concerns about inflation caused a flight from stocks and bonds into precious metals.

The Dow Jones industrial average finished down 5.54 at 3,444.39, 22 points above its session low. The

market regained ground in the final hour after Johnson Redbook Service reported that U.S. retail sales were up 1.2 percent in mid-May compared with April.

Still, declining common stocks beat advanced almost 9 to 7 on the New York Stock Exchange. Trading was brisk, with about 262 million shares changing hands on the Big Board.

Investors often turn to gold as a hedge against inflation, and that was what happened on Tuesday. "Investors in stocks and bonds moved into the gold market today," said Ronald Saura, vice president at ABN-AMRO Bank in New York.

There's so much pension money splashing around, and people want to diversify their portfolios. "Gold's up big again," said Richard Cardullo, head of institutional trading at Eagle Asset Management.

"Bonds have broken critical support, and that's got everybody scared." Stock prices had sagged in mid-afternoon as the specter of inflation drove the yield on the benchmark 30-year Treasury bond above 7 percent for the first time since early April.

Late in the day, the long bond was yielding 7.02 percent, up 5 basis points from Monday. "The market is definitely focusing on inflation," said Robert Stovall, president of Stovall/21st Advisers.

"You can laugh off the inflationary numbers of the last four months, but you've got a big move in gold stocks." Investors have been fixated on inflation heating up since Thursday, traders said. That was when the government said consumer prices were rising at an annual rate of 4.3 percent through April, up from 2.9 percent in 1992.

Bond yields have risen more than 15 basis points since then. The fear among investors is that the consumer-price figures rule out interest-rate cuts and may even persuade the Federal Reserve to boost interest rates to choke off budding inflation, traders said.

concerns might spur the Federal Open Market Committee, which met Tuesday, to consider tightening short-term interest rates. Results of the meeting were not announced.

The dollar also found support from speculation that the Bundesbank Council, at Wednesday's meeting, may ease German interest rates again. In London trading, the dollar rose to 1.6250 DM from 1.6115 DM on Monday and to 1.6110 yen from 1.6133 yen.

The dollar jumped to 1.6247 DM from 1.6140 on Monday, and to 1.4802 Swiss francs from 1.4650 francs. The dollar also gained to 11.4775 yen from 11.3000 yen and to 5.4393 French francs from 5.4393 francs.

The pound was the chief beneficiary of the mark's weakness, firming to 2.4927 DM from Monday's 2.4799 DM. Against the dollar, sterling was little changed at \$1.5354, after \$1.5360.

The dollar's strong tone was aided by speculation that U.S. inflation

The Dow Daily closings of the Dow Jones industrial average

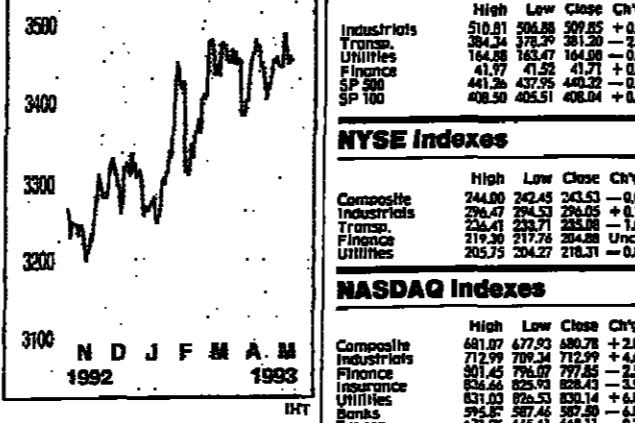


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Table with columns: Vol., High, Low, Last, Chg. for AMEX Most Active stocks like ECH, ROL, etc.

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EUROPEAN FUTURES

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Table with columns: Class, High, Low, Prev., Chg. for ALUMINUM (Meth) and COPPER CATHODES.

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Table with columns: Class, High, Low, Prev., Chg. for 3-MONTH EURO DOLLARS (LIFFE) and 3-MONTH EURO DOLLARS (LIFFE).

Housing Starts Rose in April

WASHINGTON (Combined Dispatches) — U.S. housing starts advanced 6.7 percent in April, the biggest gain in eight months, as the building industry recovered from winter storms, the government said Tuesday.

The start of construction of new homes in the United States climbed to a seasonally adjusted annual rate of 1,213,000 units, enjoying large gains in the Northeast and the South. Construction had been sluggish all winter.

"It's good news both for housing and the overall economy," said David Bernson, an economist for the Federal National Mortgage Association in Washington. "It's an indication at least some chunk, maybe a big chunk, of the weakness in the first quarter was weather-related and not related to weakening underlying fundamentals."

NEWARK, New Jersey (Combined Dispatches) — A federal jury on Tuesday cleared Westinghouse Electric Co. of the Philippine government's claims that the company bribed the late Ferdinand E. Marcos to get a nuclear power-plant contract, a Westinghouse official said.

The Philippine government, in a 1988 lawsuit, accused Westinghouse of paying \$19.1 million in bribes to obtain a \$2.1 billion nuclear power-plant contract in the 1970s, when Mr. Marcos was president of the Philippines. An engineering firm, alleged to have paid \$2.1 million in bribes, also was cleared by the jury on Tuesday. Lawyers for the Philippines said they would appeal.

PALO ALTO, California (Bloomberg) — Propelled by a surge in demand for its computers and printers, Hewlett-Packard Co. reported Tuesday that net income for the financial second quarter had risen 74 percent on a 22 percent gain in revenue.

For the quarter ended April 30, net income reached \$347 million, or \$1.38 a share, from \$323 million, or \$1.27 a share, in the year-earlier period. Revenue grew to a record \$5.1 billion from \$4.2 billion.

SAN JOSE, California (UPI) — The worldwide semiconductor industry is expected to grow 20 percent this year to \$71.9 billion, due to the boom in personal computers, a trade group reported Tuesday.

The growth will be led by the North American market, which will see a 28.1 percent gain in 1993 shipments to \$23.6 billion, the Semiconductor Industry Association predicted. The European market will grow by 18.1 percent this year to \$13.5 billion and the Japanese market will increase 11.6 percent to \$21.6 billion.

NEW YORK (Knight-Ridder) — Citicorp said "soft and uncertain" economic conditions in the United States and Europe could keep its levels of bad consumer loans high and, consequently, could make further increases in credit reserves necessary, according to a regulatory filing.

As of March 31, Citicorp had \$3.9 billion of consumer loan delinquency for 90 days or more, almost unchanged from year-end levels and down \$800 million from the first quarter of 1992, according to Citicorp's 10-Q report for the first quarter of 1993.

NEW YORK (NYT) — In a sharp, unexpected turnaround, more than half of U.S. hotels turned a profit in 1992 — the first time since 1989, according to a Coopers & Lybrand study released Tuesday. The 51.5 percent of hotels that were profitable last year increased significantly from the 39.9 percent that made money in 1991.

In another indication that a slow but steady recovery is under way in the hotel industry, occupancy in the first quarter of this year rose to 58.5 percent, the highest rate for any comparable quarter since 1990.

"What this means," said Bjorn Hanson, hospitality industry consulting chairman of Coopers & Lybrand, "is that the hotel recovery is under way and there's a good chance that in 1993 room rates will increase greater than the rate of inflation."

Maastricht Vote Boosts Dollar Against Mark

NEW YORK — The U.S. dollar traded broadly higher in a lively market on Tuesday, as Danish voters endorsed the Maastricht treaty on European union, which sent the Deutsche mark lower.

Danish voters approved the Maastricht treaty by a comfortable majority, with 56.8 percent in favor. When the Danes rejected the Maastricht treaty last year, some called it the kiss of death for European economic unity. That left the mark as the hardest national currency in Europe.

The dollar jumped to 1.6247 DM from 1.6140 on Monday, and to 1.4802 Swiss francs from 1.4650 francs. The dollar also gained to 11.4775 yen from 11.3000 yen and to 5.4393 French francs from 5.4393 francs.

The pound was the chief beneficiary of the mark's weakness, firming to 2.4927 DM from Monday's 2.4799 DM. Against the dollar, sterling was little changed at \$1.5354, after \$1.5360.

The dollar's strong tone was aided by speculation that U.S. inflation

Ruble Tumbles 5% to Record Low

MOSCOW — The ruble fell more than 5 percent against the dollar to a record low Tuesday when it traded at 934 to the U.S. currency on the Moscow Interbank Currency Exchange, down from 886 at the end of last week.

Bankers immediately urged quick government action to tighten Russian credit policy. "The economy is awash with cash, inflation is rising and the political struggle is continuing," said Oleg Bagurov, executive vice-president at Toko Bank, one of Russia's largest commercial banks.

"It's like walking in fog. We don't know what will happen in a week," he said. "The government must urgently make the painful decision to curb soft credits and increase interest rates to see who will scream and who will survive."

Bankers, predicting the exchange rate would plunge through the psychological barrier of 1,000 to the dollar by the end of May, forecast a further fall to more than 1,100 by the end of June.

Most bankers have given up hope of tight monetary policy because of a tug-of-war between the government and the central bank.

WORLD STOCK MARKETS

Table listing world stock markets for various cities including Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Sao Paulo, Singapore, Stockholm, Toronto, Zurich, and others.

U.S. FUTURES

Table listing U.S. futures markets for various commodities including Grains, Soybeans, Oil, Metals, Cattle, Hogs, Pigs, and others.

STOCK INDEXES

Table listing stock indices for various countries including U.S. Bills, U.S. Treasury, U.S. Treasury Bonds, U.S. Treasury Bills, and others.

Large advertisement on the right side of the page for 'Tax Move' and 'Markets', featuring a stylized 'Tax Move' logo and text about market services.

Tax Move Aids Italy's Markets

Bloomberg Business News ROME — The Italian government gave its financial markets a boost Tuesday when the Treasury said it would speed the return of withholding taxes on bonds and stocks held by foreign investors.

Italy imposes a 12.5 percent withholding tax on dividends and interest on government bonds, but some foreign investors can claim it back, depending on double-taxation treaties between their countries and Italy.

Marc Over, a trader at Paus Securities in Milan, said British investors could generally get back all the tax, while U.S. investors could not get any of it back since their government taxes interest income at a higher rate than Italy.

Under the new system, depository banks will transmit reimbursement requests directly to the government, which will automatically send refunds. The banks will be responsible for sending accurate information.

Italian bonds spurred on the news, with the 10-year government issue for June delivery shooting to 99.30 before retreating to 99.10, still up 0.41 on the day. That cut its implied yield to 10.88 percent from 10.99 percent.

In the stock market, the MIB index shot up to 12,116 from 11,817. Foreign investors have long complained about bureaucratic delays in getting refunds.

"It's only good news for the market," said Julian Jessop, an analyst at Midland Global Markets in London. "Right now, it can take months to get your money back."

Renault's Profit Plummet Its Partner, Volvo, Suffers a Deeper Loss

Compiled by Our Staff From Dispatches PARIS — Renault hit like other European automakers by the market's deep slump, said Tuesday that its group pretax profit for the first quarter had plunged 90 percent from a year earlier to 240 million French francs (\$44 million).

Volvo AB, Renault's partner in a web of cross-holdings, also reported a deterioration in its results on Tuesday.

The Swedish car and truck maker said in Gothenburg that its pretax loss had deepened in the first quarter to 331 million kronor (\$45.2 million), from a loss of 248 million kronor a year earlier. That figure excludes Volvo's shares of earnings from state-controlled Renault, which is considered to be a candidate for the government's program to sell its stakes in companies to the public.

Volvo's share of earnings in the Renault group fell to 236 million kronor, from 387 million. Volvo AB has a 20 percent stake in Renault and a 45 percent stake in Renault Vehicules Industriels, Renault's truck and bus division.

The loss from Renault's stakes in Volvo's car and truck divisions was 238 million francs, compared with a loss of 180 million a year earlier.

Renault owns 25 percent of Volvo Car Corp. and 45 percent of Volvo Truck Corp. Renault's operating profit, which does not include its share of Volvo's results, fell to 458 million francs, from 2.66 billion a year earlier.

The French automaker's consolidated first-quarter sales fell 8.2 percent from a year earlier, to 43.93 billion francs. Fourth-quarter 1992 sales, the period when European car sales began to fall sharply, totaled 44.1 billion francs.

Renault said the outlook for the second quarter of 1993 was no better because the European market, where overall sales were down 17.8 percent during the first four months of the year, showed no sign of picking up.

It said a 3 percent rise in its passenger-car sales outside Europe did little to compensate for the steep decline in the European car market. Renault's share of that market is 10.7 percent.

Volvo said lower sales of Volvo cars and trucks were primarily due to a decline in European demand, while volume increased in North America. Volvo's net loss was 280 million kronor, compared with a loss of 177 million a year earlier.

(Bloomberg, AFP)

Earnings Rise 25% At Marks & Spencer

Compiled by Our Staff From Dispatches LONDON — Marks & Spencer, Britain's biggest clothing retailer, said Tuesday its profit had surged 25 percent in its latest financial year, to a record £737 million (\$1.14 billion).

Its annual profit topped that of J. Sainsbury PLC, making it Britain's most profitable retailing concern.

The chairman, Sir Richard Greenbury, said: "These results have been achieved against a background of difficult trading conditions in the U.K. and North America, and a worsening economic climate in continental Europe. They give us much confidence for the future."

Marks & Spencer's pretax profit for the year ended March 31 compared with £588.9 million the previous year. The latest result was at the high end of analysts' forecasts.

The company was cautious about prospects for the British economic recovery and gloomy about the economic slowdown in continental Europe. "There appears to be more recently, a slow, fragile recovery of the U.K. economy but increasing recessionary conditions in continental Europe," it said.

Despite the tough economic outlook, Marks & Spencer is stepping up expansion plans in Britain and overseas, the company said.

Operating profits from its overseas businesses, which include Brooks Brothers in the United States and Marks & Spencer stores in Europe and the Far East, rose 34.6 percent to £56 million on sales up 13.5 percent to £736.9 million.

The company termed its performance in Asia "outstanding," with operating profit soaring 61.4 percent to £10.6 million and sales up 53.5 percent to £28.7 million.

In Britain and Ireland, sales growth improved as tight control of operating costs allowed the company to reduce buying margins to below last year's levels. Sir Richard said. As a result, 25 percent of all selling prices in clothing were lower than in the previous year.

Marks & Spencer said it would pay a second-half dividend of 5.9 pence per share, making a full-year dividend of 7.1 pence, up 14.1 percent from 7.1 pence a year earlier.

Earnings per share rose 33 percent, to 18 pence from 13.5 pence. Marks & Spencer said it had taken a one-time pretax charge of £7.8 million in the financial year on the sale of assets. (Reuters, Bloomberg)

Recession Erodes Net At Hanson

The Associated Press LONDON — Hanson PLC, the British-American conglomerate with interests ranging from mining to tobacco, said Tuesday its half-year profit had fallen by 10 percent amid the global recession.

The chairman, Lord Hanson, characterized net earnings of £373 million (\$561 million) for the six months ended March 31 as "a very good result" in such a weak economy. They compared with a profit of £413 million during the same period a year earlier.

Hanson's earnings came on revenue of £4.79 billion in the latest six months, compared with revenue of £4.46 billion a year earlier.

Hanson said a strong performance in its U.S. consumer-goods companies had offset problems at Peabody Holding Co., the largest coal producer in America, which suffered a one-month strike this winter and has been hurt by low coal prices.

Lord Hanson cautioned that although there were hints of economic improvement in the United States and Britain, some sectors of industry remained in recession.

"Margins remain tight and it is unlikely that the present signs of recovery will bring significant additional contribution to profit this year," Lord Hanson said.

Investor's Europe

Table with columns for Frankfurt DAX, London FTSE 100 Index, Paris CAC 40, and various market indices and exchange rates.

Very briefly:

- Iva SpA, the Italian state-owned steelmaker, must improve its offer to cut capacity in order to win EC approval for \$4.8 billion in Italian government subsidies, the EC Commission has told the government.
• Axel Springer Verlag AG proposed a 1992 dividend payment of 12 Deutsche marks (\$7.40) a share, after omitting a payout for 1991.
• Allied-Lyons PLC's pretax profit rose 15 percent to £505 million (\$774.4 million) in the year to March 31, as a £101 million easing in restructuring and financing costs outweighed a £37 million drop in operating profit from its food, beverages and retail businesses.
• PolyGram NV, the recorded-music arm of Philips Electronics NV, set up a majority-owned joint venture with a Hungarian music-industry entrepreneur, Laszlo Hegedus; PolyGram Hungary will take over the operations of the Zebra record label, which was a division of the Budapest-based entertainment group, Multimedia, co-founded by Mr. Hegedus.
• VIAG AG said net profit and operating profit fell in the first quarter from a year earlier, but it gave no figures; the German conglomerate's first-quarter sales were flat at 6.1 billion DM.
• Electrolux AB's first-quarter profit after financial items, hit by lower European demand, fell 20.2 percent to 202 million kronor (\$27.6 million); revenue rose 23 percent to 24 billion kronor, but most of that was due to currency fluctuations.
• Repsol SA's chairman, Oscar Farjuel, said the Spanish state may sell off more of its 41 percent stake in the company, which he valued at 384 billion pesetas (\$3.13 billion); but he predicted the state would retain the controlling stake.
• Fisons PLC said depressed markets in Continental Europe may limit the company's progress in the first half as it seeks to come back from a 24 percent drop in pretax profit last year; Fisons also said it would sell its North American horticulture business to a consortium led by Machan Capital Corp. for \$60 million.
• Incentive AB of Sweden has agreed to sell its hydraulics group Hagghunds Demison Hydraulics, with annual revenue of \$100 million, to the newly created company Demison International Ltd., owned by investors from Sweden, Britain and the United States.
• Preussen Elektra AG, a unit of Veba AG, raised its stake in Sydkraft AB of Sweden to 12 percent of capital and 4 percent of voting stock, and has an option to further raise its holding to 18 percent of capital and 14 percent of voting stock.

AFX, Bloomberg, AP

TO OUR READERS IN WARSAW Morning hand-delivery of the IHT done-of-publication is now available. Call today: 635 37 75

Our new market Balance sheet for 1992. Below the table, text describes the bank's performance in 1992, including revenue growth and expansion into new markets. Includes a table with financial data for 1992 and 1991.

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NYSE

Tuesday's Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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INTERNATIONAL FUNDS

May 18, 1993

Quotations supplied by funds listed. Not asset value quotations as supplied by the Funds listed with the exception of some quotes based on issue prices. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (q) - quarterly; (m) - monthly.

Large table listing various international funds with columns for fund name, ticker, price, and other details.

NYSE High-Lows

Table listing NYSE High-Lows for various stocks.

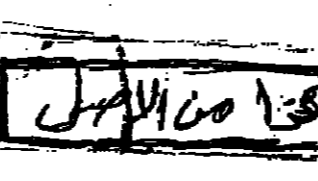
AMEX High-Lows

Table listing AMEX High-Lows for various stocks.

Other Funds

Table listing various other funds and their performance metrics.

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.











OBSERVER

The Knave of Clubs

By Russell Baker
WASHINGTON — Here is another country-club problem. They are always the same. Someone political is found to be a member of or to have played golf at a racially segregated country club. After the discovery, the fat is in the fire, as we used to say back when we still had clichés fit for children's ears.

at dance parties at a country club. Reading this book at an impressionable age probably warped my view of country clubs, but to this day I cleave to my youthful suspicion of country clubs as places full of ill-mannered clods who drink to excess and are liable to insult people whose fox trot is the least bit presumptuous.

This week's case involves Webster L. Hubbell, a Little Rock lawyer nominated to become associate attorney general. The usual minutiae is now in progress. Hubbell, who joined the club in the mid-1980s, is said to have worked to get blacks admitted to membership. If so, says the chairman of the Arkansas Legislature's black caucus, Hubbell never asked any of the caucus's 13 members to recommend candidates for admission. And so on.

Joining country clubs, segregated or not, has always seemed foolish to me, but so does the game of golf, which is closely associated with country clubs, and I know a few sensible people for whom life without golf would not be worth living.

For this reason I always refuse to picket the Capitol demanding the abolition of country clubs. Let a thousand bizarre tastes flourish, as Chairman Mao should have said. What is baffling, however, is why segregation is necessary to country-club culture. The aim of segregation is to put distance between yourself and people who are unworthy to enjoy the splendor of your company. This is precisely what a golf course affords: plenty of distance between the parties.

True, a golfer with keen vision may identify a player as black even from a distance of 100 yards, but at basketball, baseball and football games white people are positioned much closer than that to blacks playing games, yet do not seem affronted by the sight.

Since country-club members can't possibly need the segregation for their golf, other explanations must be sought. My knowledge of country clubs comes entirely from John O'Hara's "Appointment in Samarra." It is about an unpleasant group of people, all of them white, who spend most of their time getting drunk and insulting each other



Art for Art's Sake: The actor Donald Sutherland, left, with a copy of one of the Kandinskys in "Six Degrees of Separation." Above, Eva Davy working on a re-creation of the Sistine Chapel ceiling by Michelangelo.

Real Fakes: A Twist on Painting the Sets

By Rita Reif
NEW YORK — Transforming John Guare's Broadway play "Six Degrees of Separation" into a movie can present challenges both visual and dramatic. In Fred Schepisi's film version of Guare's 1990 work, the visual arts perform two critical, almost starring roles. A double-sided Kandinsky holds the place of honor in a New York apartment where much of the action takes place. And Michelangelo's ceiling in the Sistine Chapel, described but never seen in the play, had to be created for the movie, which is now being filmed in New York.

Since the work had not only a metaphorical importance but also a practical one, Schepisi insisted on accurate copies of real Kandinskys for the film. With the help of Thomas Krens, the director of the Guggenheim Museum, two works were selected from the institution's collection — "Black Lines," a geometric painting from 1913, and "Several Circles," from 1926. The copies were painted over 10 days by Eva Davy, a New York scenic artist. The filmmakers, Kinsley said, had to pay only for the use of the transparencies as well as a fee (\$10,000) to the estate.

And an action at the William Doyle Galleries supplied heirloom furniture and silver. A Czajka snuff box was lent by William Beadstone, a private art dealer and old friend of Guare's, who also supplied hundreds of his art books and catalogs. From the Union Theological Seminary in Manhattan came a dozen battered dining room chairs, lent in exchange for their repair and re-covering. The apartment itself was made by gutting an entire floor leased by MGM and combining two separate units. The Sistine Chapel, on the other hand, had to be built from scratch. A partial replica was needed for a scene in which the Kitredges and an Italian art dealer visit the chapel while it is undergoing restoration. There they view Michelangelo's ceiling frescoes from a construction derrick.

PEOPLE

Dublin's Abbey Picks Tony-Winning Director

Dublin's Abbey Theatre has named Patrick Mason, who won a Tony Award last year as director of "Dancing at Lughnasa," as its new artistic director. The 42-year-old Dublin-based Englishman will take the job on Jan. 1, succeeding Gerry Hynes, whose three-year tenure was marked by widely publicized disputes with the board.

"Angels in America: Millennium Approaches," the first half of Tony Kushner's drama about AIDS, won the Drama Desk award for best play of the 1992-93 New York theater season. "Kiss of the Spider Woman," directed by Hal Prince, was chosen best musical. Jane Alexander, who plays the eldest sibling in "The Sisters Rosensweig," was named best actress in a play, while Ron Leibman, who portrays the lawyer Roy Cohn in "Angels in America," was picked as best actor.

Speaking of Maria, her replacement on Broadway's "Will Rogers Follies" will be Lisa Niemi, wife of Patrick Swayze. Niemi has worked mostly as a dancer.

INTERNATIONAL CLASSIFIED
Appears on Pages 4 & 6

WEATHER

Weather forecast section including maps for Europe, North America, and Asia, along with temperature and precipitation data for various regions.

CROSSWORD

Crossword puzzle section with clues for Across and Down, and a solution to the puzzle of May 18.

BOOKS

THE SEVENTH MILLION: The Israelis and the Holocaust. By Tom Segev. Illustrated. Translated by Haim Watzman. 593 pages. \$27.50. Hill & Wang. Reviewed by Herbert Mitgang. In "While Six Million Died," I published a quarter of a century ago and still one of the essential books on the Holocaust.

BEST SELLERS

Table listing best-selling books in Fiction and Nonfiction categories, including titles like 'The Client' and 'The Way Things Ought to Be'.

Large advertisement for AT&T USA Direct Service, featuring the slogan 'Speed up the approval process.' and a table of international access numbers for various countries.